Europe in figures

DEADLINE 92

'Young people, you are Europe's future and hope. Europe is your hope and future.'
Jacques Delors, *President of the Commission of the European Communities*

Preface

It is my pleasure to introduce a brochure that is somewhat different from the traditional publications of the Statistical Office of the European Communities (Eurostat).

'Europe in figures' provides the reader with some 60 pages of data on how the European Community functions and its socio-economic situation. Europe's position is thrown into relief, in a broader context, by comparison with the corresponding data for the United States and Japan.

The target here is mainly the younger reader, and with this in mind Eurostat has endeavoured to achieve a method of presentation that minimizes the technical aspect but is based, at all times, on the application of rigorous statistical principles. Hence the systematic definition of all the concepts deemed to warrant a mention in the text.

With achievement of the internal market on the 1992 horizon, I would be gratified if this collection of basic data were to enhance its readers' understanding of Europe and all that Europe stands to gain.

S. RONCHETTI
Director-General of Eurostat

EUROPE IN FIGURES

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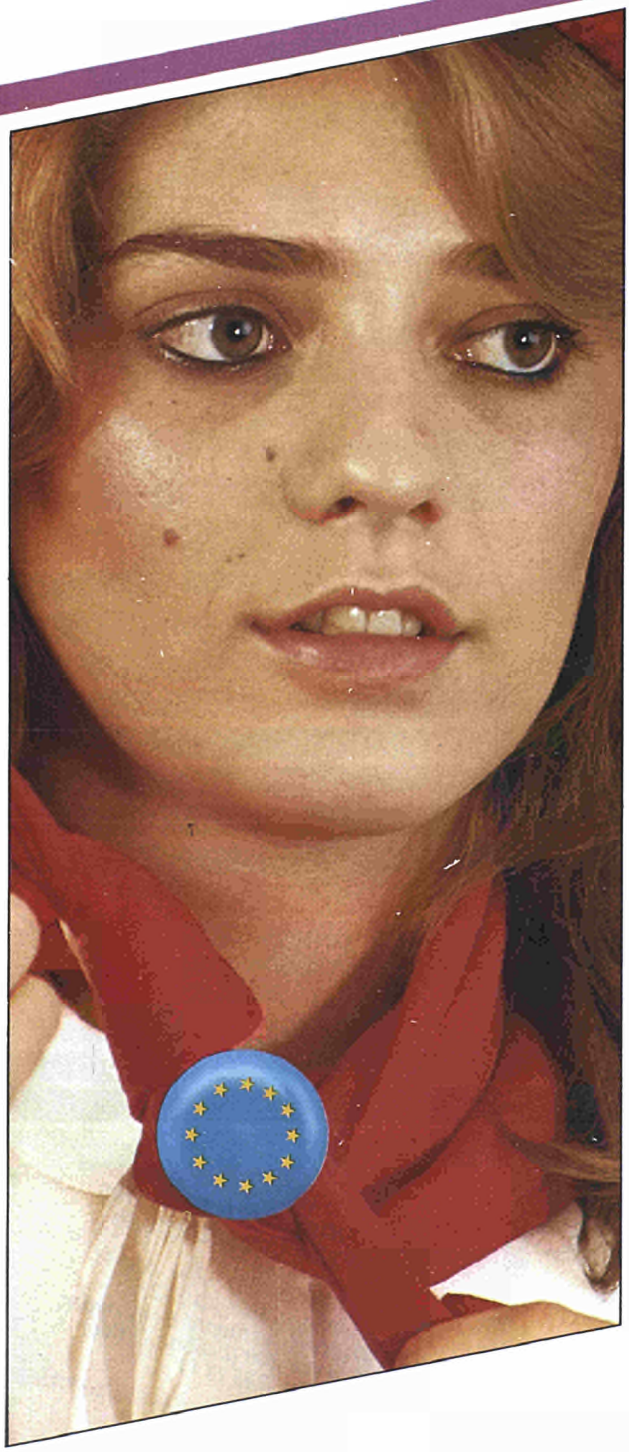
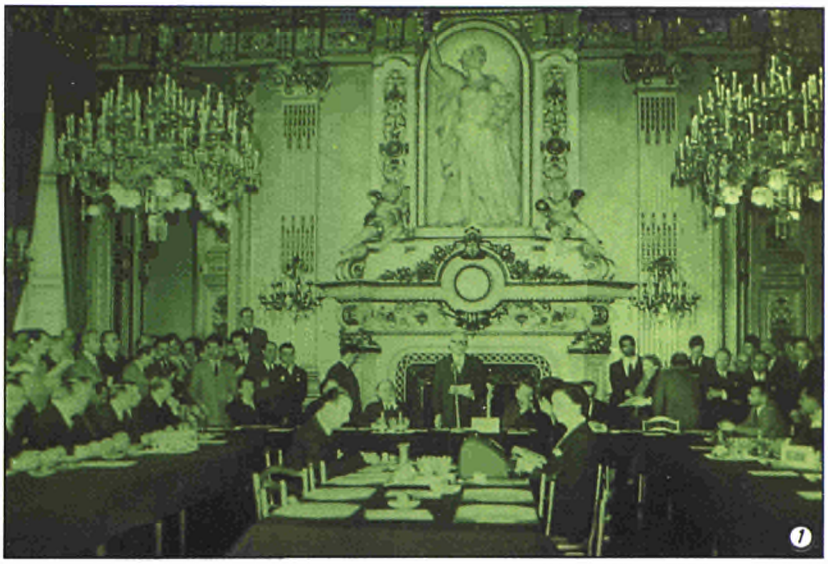
eurostat

1 THE BUILDING OF EUROPE





The European Community is 30 years old. On 25 March 1957, in Rome, the representatives of six countries (Belgium, the Federal Republic of Germany, France, Italy, Luxembourg and the Netherlands) signed two Treaties establishing the European Economic Community. The adventure was about to begin.

The dream of a united Europe is an old one, but it took the destruction of the Second World War to prompt the Heads of State or Government to take steps towards achieving that aim. Plans foundered on the rocks of 'supranationality' and the various countries baulked at delegating authority. In 1949, the Council of Europe was set up in Strasbourg, but it was not given the authority to cope with the urgent political and economic matters of the time.

It was Jean Monnet's idea to build Europe brick by brick, by modest but concrete achievements which would lead to real solidarity between countries. Instead of being created by decree, Europe would be constructed stage by stage.

The French Minister for Foreign Affairs, Robert Schuman, took over the idea. On 9 May 1950, he put the proposal to all the countries concerned and negotiations began. On 18 April 1951, in Paris, the 'Six' signed the Treaty establishing the European Coal and Steel Community, the ECSC. This was the 'leap into the unknown' in the building of Europe.

In 1957, the 'Six' completed a further stage by deciding to develop all economic activity on a joint basis. On 25 March, in Rome, they signed two Treaties giving birth to the European Economic Community (EEC) and *Euratom*. The long-term objective was the union of the peoples of Europe. But first of all, a 'common market' had to be set up, where workers, goods and capital could circulate freely.

Just over 10 years later, on 1 July 1968, the customs union came into being. All customs duties between the six countries were abolished and a common tariff was adopted to be applied to other countries. The previous year, an identical system of taxes on

Photographs:

(1) On 9 May 1950, in the Salon de l'Horloge at the Foreign Affairs Ministry in Paris, Robert Schuman launches his challenge.

(2) On 27 January 1972, the EEC is enlarged. Prime Minister Edward Heath signs the Treaty of Accession of the United Kingdom in Brussels.

(3) On 28 May 1979, in Athens, the Greek Prime Minister, Mr Karamanlis, signs his country's accession. Now they are Ten.

(4) On 12 June 1985, in the Royal Palace in Madrid, King Juan Carlos and the Prime Minister, Felipe Gonzales, bring Spain into the EEC.

goods and services, VAT (value-added tax), had been introduced in all six countries.

Then came enlargement. In 1973, the Europe of Six became the Europe of Nine with the arrival of Denmark, Ireland and the United Kingdom. In 1981, they became Ten, when Greece joined, and on 1 January 1986, Twelve, with the entry of Spain and Portugal.

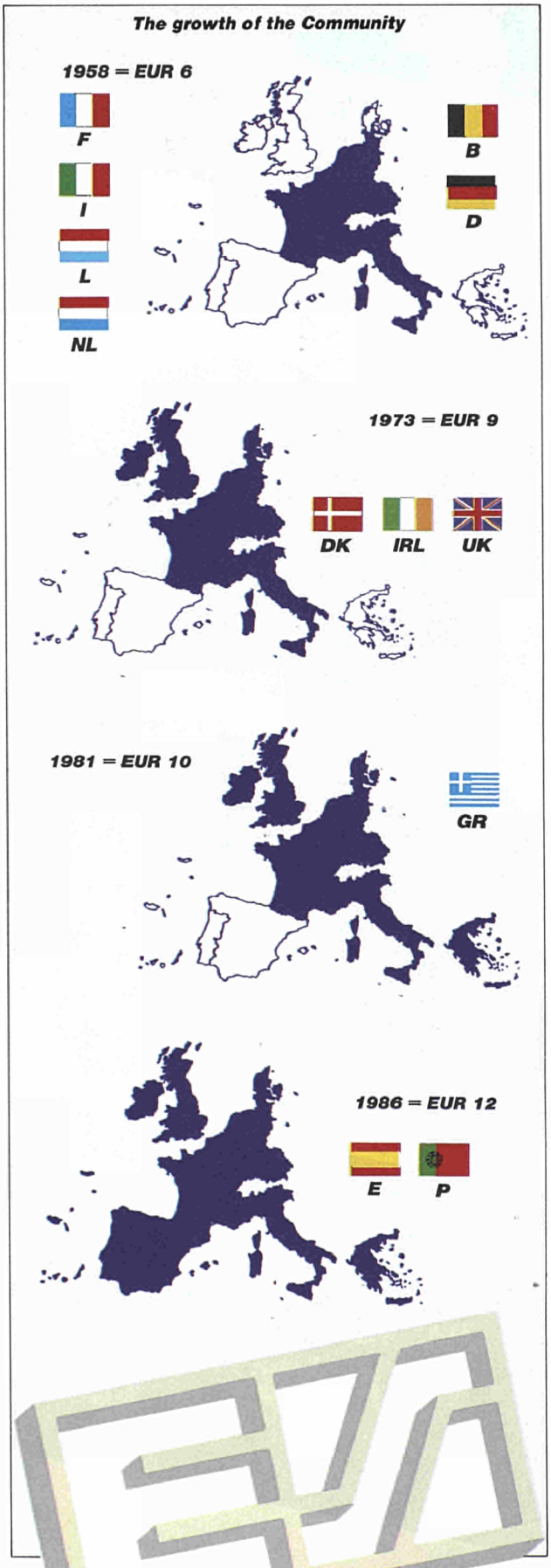
At the same time, joint activities were launched in new sectors. The common agricultural policy was set up in 1962, followed by

action in the fields of energy, research, the environment, education, consumer protection and the Community fisheries policy.

The European Social Fund (European fund for employment and vocational training), set up in 1960, was followed in 1975 by the ERDF (European Regional Development Fund), designed to help regions in difficulty. In March 1979, the EMS (European Monetary System) was created to introduce a degree of currency stability. This gave rise to the ECU (European currency unit), the European unit of account. Finally, in June 1979, the European Parliament was elected for the first time by universal suffrage.

But new boundaries had still to be crossed. In February 1986, the Twelve signed the 'Single European Act', to enable the Community to meet the challenges of the future.

The last 30 years have been marked by crises, debates and quarrels, but we have come a long way since the time when conflicts were settled by cannon fire. Jean Monnet won his bet: from one concrete decision to another, the European Community is achieving solidarity.



2 THE SINGLE EUROPEAN ACT

For the citizens of the European Community to wake up on the morning of 1 January 1993 in a frontierless Europe – such is the next major objective of the construction of Europe laid down by the Single European Act.

Meeting in Luxembourg in December 1985 the European Council (the Heads of State or Government) decided to give new impetus to European integration by drawing up a Single European Act, which was signed in February 1986 and came into force on 1 July 1987, 30 years after the signature of the Treaty of Rome established the European Community.

The Single Act is a new treaty whose aim is to bring the Community into line with the needs of the 1990s by creating a truly frontierless internal market with a population of 320 million: the biggest in the world.

The concern for reality which masterminded the construction of Europe also guided the individuals who signed the Single Act. The Commission set out more than 300 measures which must be taken before the last obstacle is removed. More than a quarter of them have already been adopted, and when the last comes into force at the end of 1992, the Community will have taken a further step forward.

In the vast new internal market the citizens of the Twelve will be able to live and work in the country of their choice, regardless of what job they do; tourists and travellers will be able to use their cards in any country in the Community, business will have a far wider market, greater profitability and greater opportunities for job-creation. Freedom of movement will be total, for goods, for capital, and for the individual.

The Single Act also represents political progress. In place of unanimous decisions, qualified majority voting (see table) will enable the Twelve to speed up decision making in many areas.

The Twelve are also committed to moving towards European political cooperation with regard to foreign policy, and to coordinating their individual positions as regards security.

The Single Act explicitly covers research and technological development, which have already proven their worth: industrial applications for lasers, new manufacturing technology for microchips, renewable energy sources, etc.

It also covers the European Monetary System, the reduction of the disparities between the various regions and of the leeway of the least-favoured regions, and certain social policy measures.

Environmental protection becomes an explicit aim of the Community, with a prevention policy and the 'polluter pays' principle.

The Twelve have undertaken to harmonize working conditions and health and safety at work provisions. The Commission itself must continue to promote the dialogue between the two sides of industry on a European scale inaugurated by the current President, Mr Jacques Delors.

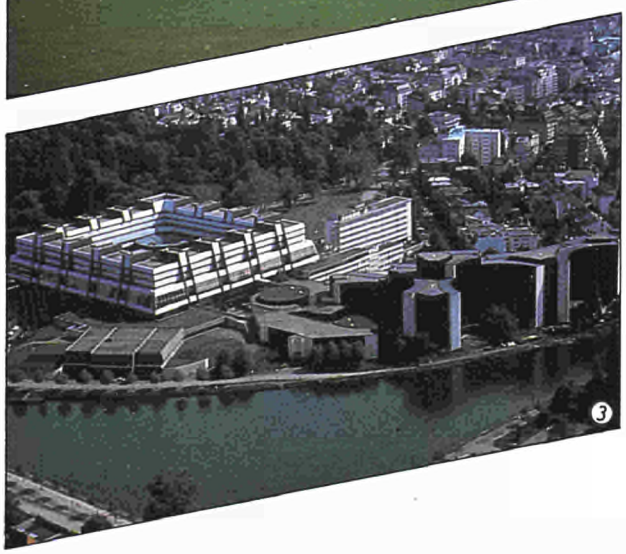
The green light has been given for a new leap forward: the Single Act and the internal market are the challenges which Europe needed.

Qualified majority voting in the Council of Ministers		
	Country	Votes
D	Germany	10
F	France	10
I	Italy	10
GB	United Kingdom	10
E	Spain	8
B	Belgium	5
GR	Greece	5
NL	Netherlands	5
P	Portugal	3
DK	Denmark	3
IRL	Ireland	3
L	Luxembourg	2
	Total	**76**
	Qualified majority	**54**

3 THE INSTITUTIONS


1


2


3

The European Community is more than just another international organization. At the same time as Member States have kept their identity and their own authority, they have created the means of dialogue and decision-making: the Council of Ministers, the Parliament, the Court of Justice, the Economic and Social Committee and, most original of all, the driving force: the European Commission (see next chapter).

The Council of Ministers is the essential decision-making body of the Community. It comprises the 12 Ministers for Agriculture, Foreign Affairs, Finance, etc. depending on the subject under discussion. In turn each Member State assumes the Presidency of the Council for six months. The Commission takes part in the work of the Council and may at any time amend or withdraw its proposal.

The Council of Ministers lay down Community policy in all fields. Its most important decisions must be unanimous, but some may be by qualified majority.

The ministers' work is prepared by the Coreper – the Committee of Permanent Representatives – which comprises the ambassadors of the Member States to the Community, together with their advisers. The Coreper is a key element in discussions between governments of Member States and with the Commission. It is the Council's factotum.

The European Council sets the broad guidelines for Community policy. It comprises the Heads of State or Government of the Member States (assisted by their Ministers for Foreign Affairs) and the President of the Commission, and meets at least twice a year. It is the European Council which provides the real drive: the creation of the European Monetary System, the Single Act, etc.

The European Parliament has been elected by direct universal suffrage since 1979. It comprises 518 members (MEPs) elected from the 12 Member States by a system in which account is taken of relative population (see table). MEP groups are formed by political tendency and not by nationality (see table).

In comparison with national parliaments the powers of the European Parliament are limited. Since the Single Act came into force, Parliament may on certain conditions amend the Commission's proposals to the Council of Ministers, thus influencing the content of European law.

The Parliament watches over the full range of the Commission's work, and can even demand the resignation of the Commission – though this requires a two-thirds majority of Members' votes.

In addition, Parliament has a certain amount of control over the budget: it may increase certain expenditure in the budget submitted for approval by the Commission, but it cannot enact new sources of revenue.

The Court of Justice of the European Communities is based in

Luxembourg. Its task is to interpret the European constitution and other European enactments in cases of dispute. The Court comprises 13 judges and six advocates-general appointed for six years by common agreement of the Member States. Their independence is guaranteed.

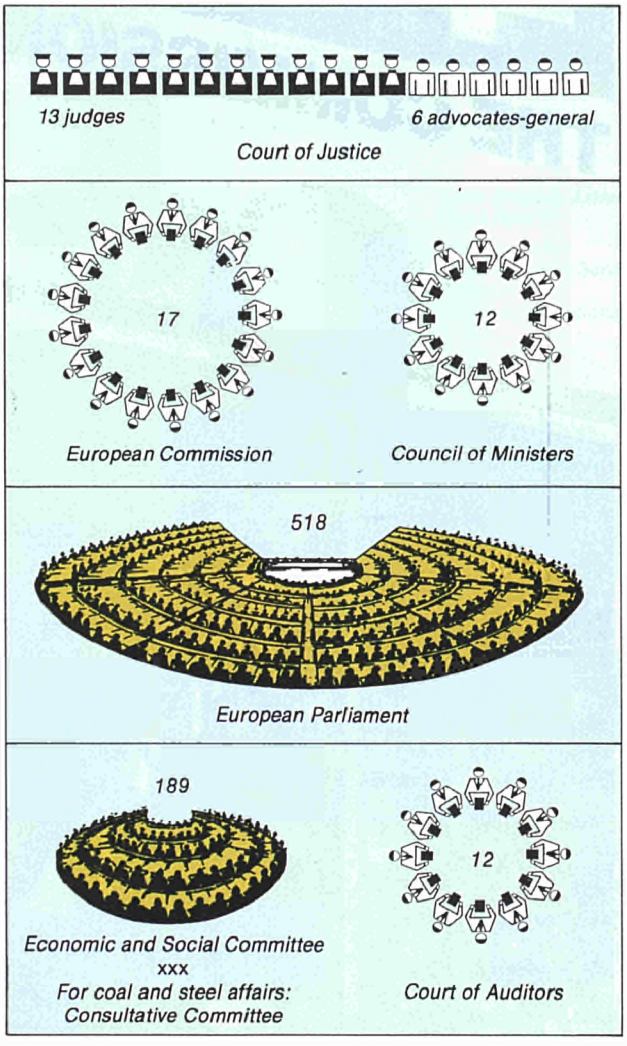
European judges may annul national decisions and legislation which are incompatible with the provisions of the Treaties.

Any State, Community institution or individual may appeal to the Court. The Court can also rule in cases submitted by national courts when litigation involves Community law. Its judgments are binding on all courts in all Member States.

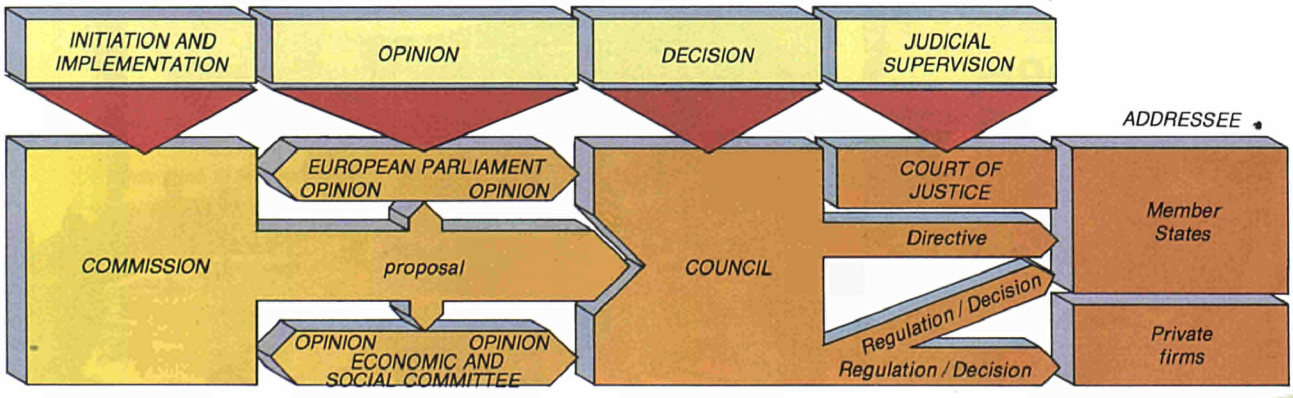
The Economic and Social Committee, which is made up of representatives of trade unions and professional bodies, gives its opinion on the proposals made by the Commission.

The Court of Auditors monitors the execution of the Community's budget.

The institutions of the European Community



How a decision is taken in the European Community



Photographs:

(1) The Berlaymont, in Brussels, headquarters of the European Commission.

(2) A few steps from the Berlaymont, the Charlemagne building houses the Council of Ministers.

(3) The European Parliament in Strasbourg.

(4) The Court of Justice in Luxembourg.

4 THE COMMISSION

The European Commission is the Community's powerhouse, and its executive. Independent of Member States' governments, it is answerable only to the European Parliament in its power to initiate and execute policy.

There are 17 Members of the Commission: two each from France, Germany, Italy, Spain and the United Kingdom, and one from each of the other Member States. They are totally independent of their country of origin and are appointed for four years. Each Member has particular responsibilities, but the Commission's decisions are collegiate. Its current president is Jacques Delors.

The Commission's role in initiating policy makes it the only Community institution capable of drafting Community laws. Its proposals are submitted to the Council of Ministers, the Parliament and the Economic and Social Committee. In 1985 the Commission submitted 694 proposals to the Council of Ministers, covering agriculture, energy, research, etc.

The Commission implements the decisions reached by the Council of Ministers, and the various Community policies. In coal and steel, nuclear energy and competition it also has additional powers laid down in the Treaties. With a mandate from the Council of Ministers the Commission can negotiate trade agreements with non-member countries, and manage agricultural markets.

The Commission draws up the budget, which it submits to the Council of Ministers and to Parliament, and manages the Community funds and common policies (agriculture, regional development, and employment). The Commission's administrative departments are located in Brussels and Luxembourg.

Lastly, it is the Commission's task to ensure that the Community rules and the principles of the common market are respected. It is the watchdog of the Treaties, and can take to the Court of Justice any Member State which fails to fulfil its obligations.

The Commission, shown at one of its meetings in Brussels, is the driving force for Europe.

Special responsibilities of the Members of the Commission

Karl-Heinz Narjes **

Industrial affairs
Information technology
Research and science
Joint Research Centre

Jacques Delors *

Secretariat-General
Legal Service
Monetary affairs
Spokesman's Service
Joint Interpreting and Conference Service
Security Office

Lorenzo Natali **

Cooperation and development

Frans Andriessen **

Agriculture
Forestry

Lord Francis Arthur Cockfield **

Internal market
Customs Union Service
Taxation
Financial institutions

Henning Christophersen **

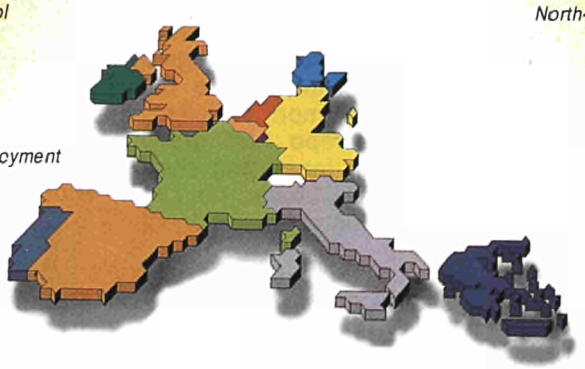
Budget
Financial control
Personnel and administration

Claude Cheysson

Mediterranean policy
North-South relations

Manuel Marin **

Social affairs and employment
Education and training



Peter Schmidhuber

Economic affairs
Regional policy
Statistical Office

Grigoris Varfis

Coordination of structural instructments
Consumer protection

Abel Matutes

Credit, investments and financial instruments
Policy on small and medium-sized enterprises

Nicolas Mosar

Energy
Euratom Supply Agency
Office for Official Publications

Stanley Clinton Davis

Environment
Nuclear safety
Transport

Carlo Ripa di Meana

Institutional questions
Problems concerning a Citizens' Europe
Information and communication policy
Cultural affairs
Tourism

Peter Sutherland

Relations with the European Parliament
Competition

António José Baptista Cardoso e Cunha

Fisheries

Willy De Clercq

External relations and trade policy

* *President*
** *Vice-President*

5 THE BUDGET

Is Europe expensive? In 1985, its budget stood at 28 000 million ECU, 95% of which was redistributed among the Member States; and it is impossible to put a figure on the political, economic and commercial advantages which the existence of the Community brings to European citizens, industrialists and businessmen.

In 1985 the budget represented a contribution of 105 ECU for each citizen. By comparison, he paid 36 times that amount to his country's national budget. The EC budget amounts to only 2.8% of the total of all the Member States' budgets, or less than 1% of gross national product (GNP). In 1973, the European budget was only 0.5% of GNP. The near-doubling of this percentage by 1985 is a reflection of the development of common policies: in 12 years Europe had grown, taking on an increasing share of its Member States' policies – and their financing.

Where does Europe's money come from? VAT (value-added tax) provides more than half its receipts (55.5% in 1985), by means of a levy on each Member State's gross value-added.

Customs duties on imports into the Community are the second largest contributor to Europe's income, accounting for 29.6% in 1985. Levies on agricultural products imported from non-member countries account for a further 4%. The Community also imposes levies on sugar and certain types of glucose (5.9%) to encourage producers to limit surpluses.

The rest of the 1985 budget was made up by sundry payments and non-repayable advances from the Member States (5.9%).

What does it do with its money? Agriculture and fisheries account for 73% of the budget, 70% being spent on guaranteeing farm prices (see Agriculture section).

This – at first sight disproportionate – share of the Community budget taken by 'green Europe' (the cost of which represents, however, only 3% of Europeans' expenditure on food) is explained by the fact that it is in this area that Community financing has taken over most clearly from national financing.

Three major Funds exemplify the Community's political will to consolidate its economic and social cohesion by means of appropriate structural policies:

The Regional Fund (5.9% of the budget in 1985) has two main objectives: first, the growth and adjustment of the regional economies characterized by a structural deficit; secondly, the redevelopment of declining industrial regions.

The Social Fund (5.7% of the budget) supports social policy through, in particular:

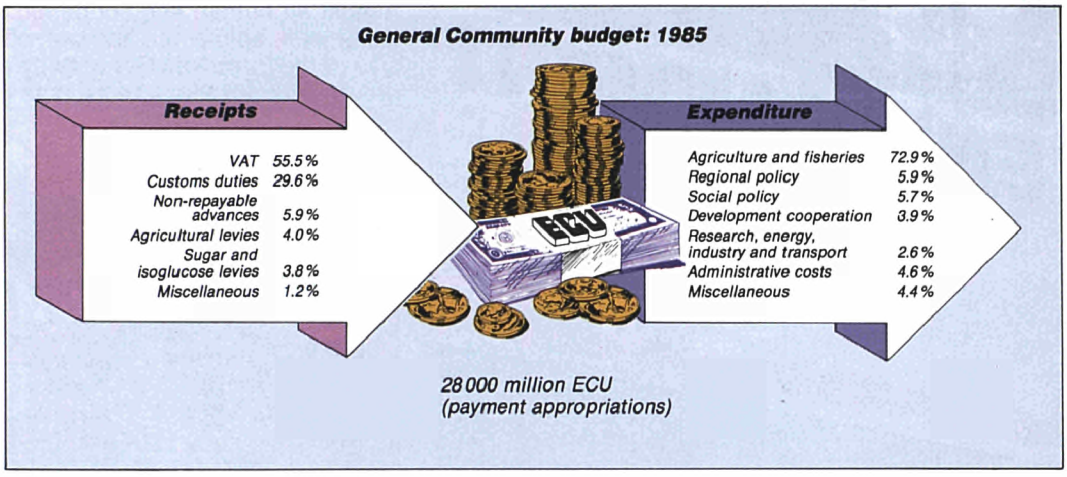
(i) the fight against unemployment, especially youth and long-term unemployment;
(ii) vocational integration of young people.

Lastly, the EAGGF-Guidance Section has as its main aim to speed up the adaptation of agricultural production structures and to encourage rural development.

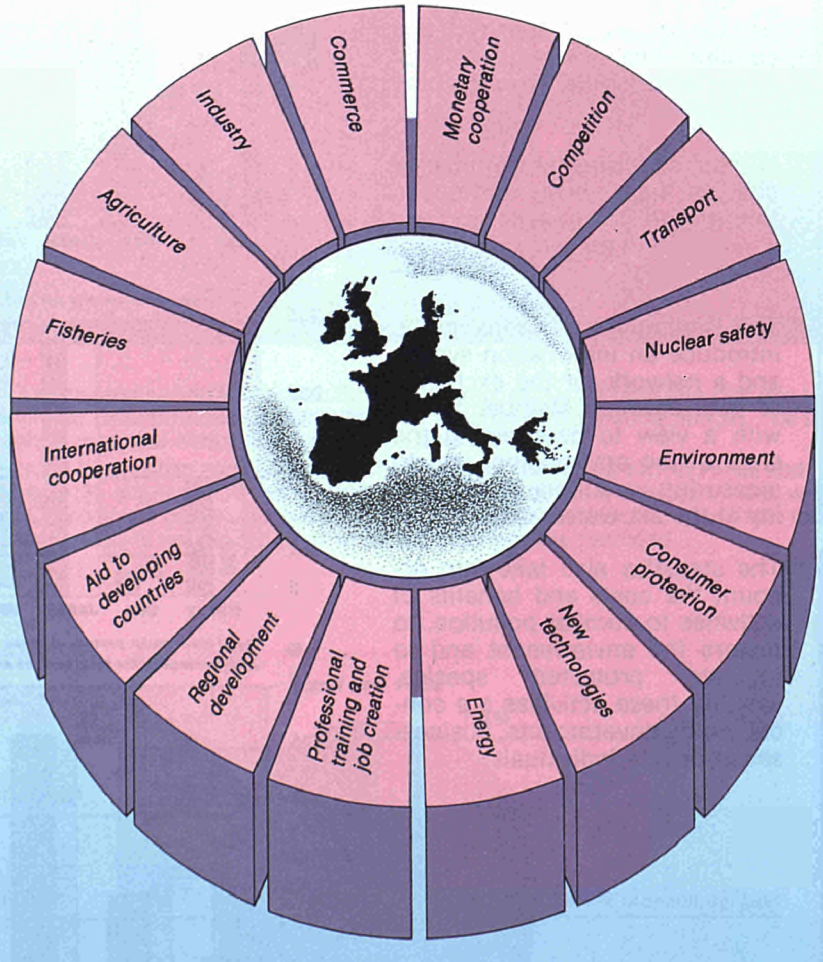
Development cooperation accounted for 3.9% of expenditure, i.e. 1 100 million ECU, intended primarily for food aid and for the countries of the Mediterranean, Asia and Latin America. In addition, the Lomé Convention provides for financial and technical assistance to 66 African, Caribbean and Pacific countries, totalling 8 500 million ECU between 1985 and 1990. This assistance is financed outside the budget by the European Development Fund, to which the countries contribute, and by means of loans from the European Investment Bank.

The sectors of research, energy, industry and transport took 1.9, 0.3, 0.2 and 0.1% respectively of total expenditure, figures which clearly do not match the requirements of the European economy, especially in the context of the completion of the large internal market.

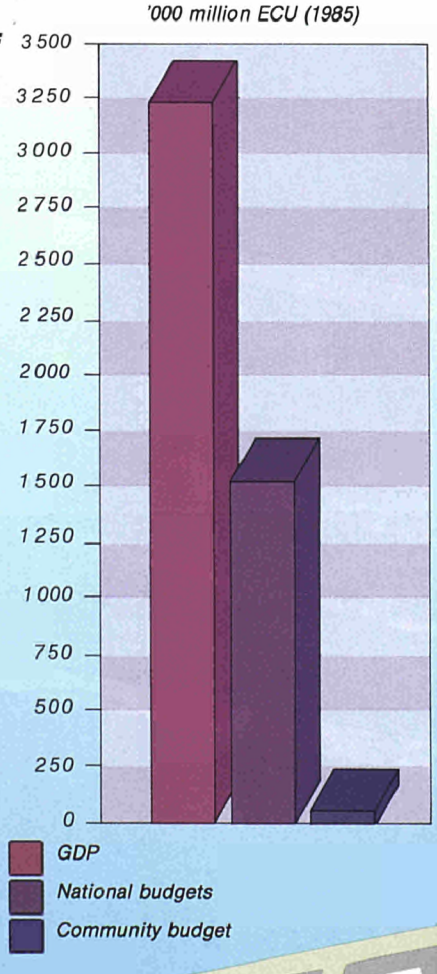
Finally, the administrative costs of the EC amounted to approximately 4% of the budget, or 1 300 million ECU, in 1985. Europe runs with just under 20 000 officials, fewer than the number of local authority employees of a city such as Birmingham, half as many as those employed by the city of Paris and no more than the Belgian Ministry of Finance.



The activities of the European Community encompass:

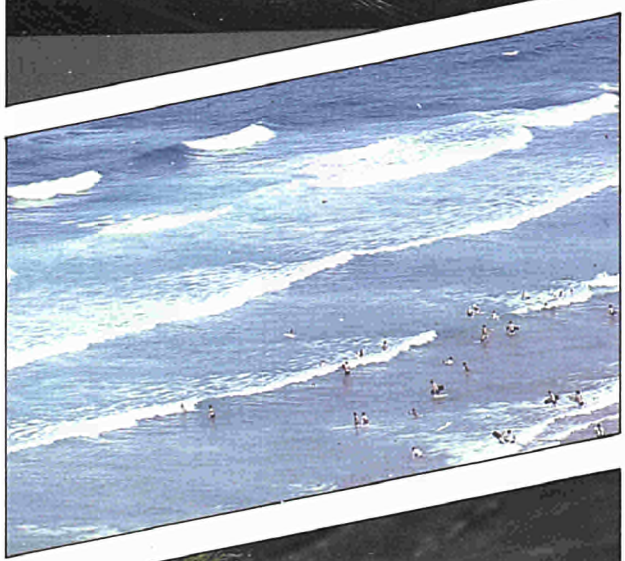


And all that costs:

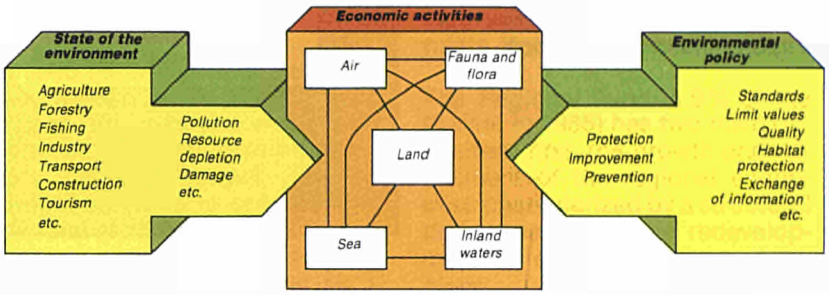


6 ENVIRONMENT

Almost all human and economic activities affect the quality of the air, water, soil, animal life and sea, etc. The aim of the environmental policies of the European Community and the Member States is to limit and prevent the adverse effects or to offset them by restorative measures.



STRUCTURE OF THE ENVIRONMENT



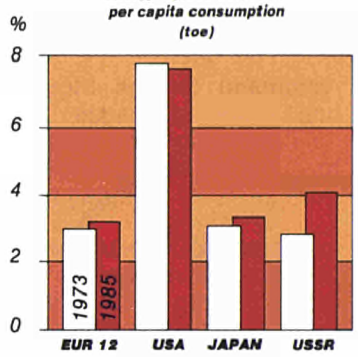
Energy consumption and population density are major factors here. In the United States, for example, the high per capita energy consumption reflects in part the population density in that country. The consequences of these factors differ from country to country.

In most countries, environmental policies have been developed from the 1970s onwards, and this is reflected in the increase in protected zones.

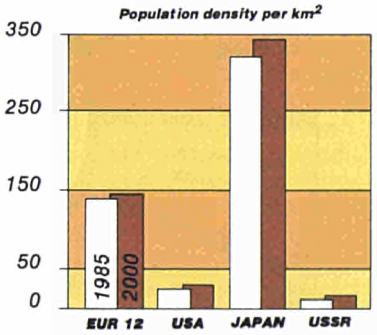
The Community is preparing to introduce an information system and a network for the exchange of data between Member States with a view to determining the state of the environment and to measuring variations in the quality of the air, water, soil, etc.

The statistics also take into account the costs and benefits of activities to combat pollution, to restore the environment and to regulate protected species, whether these activities are conducted by governments, businesses or private individuals.

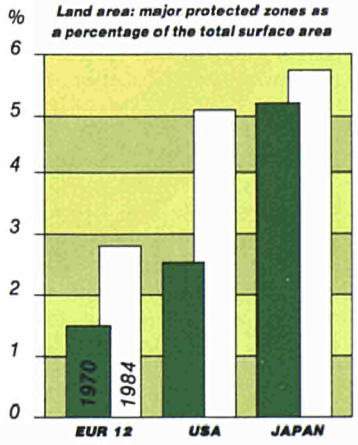
Energy – gross domestic per capita consumption (toe)

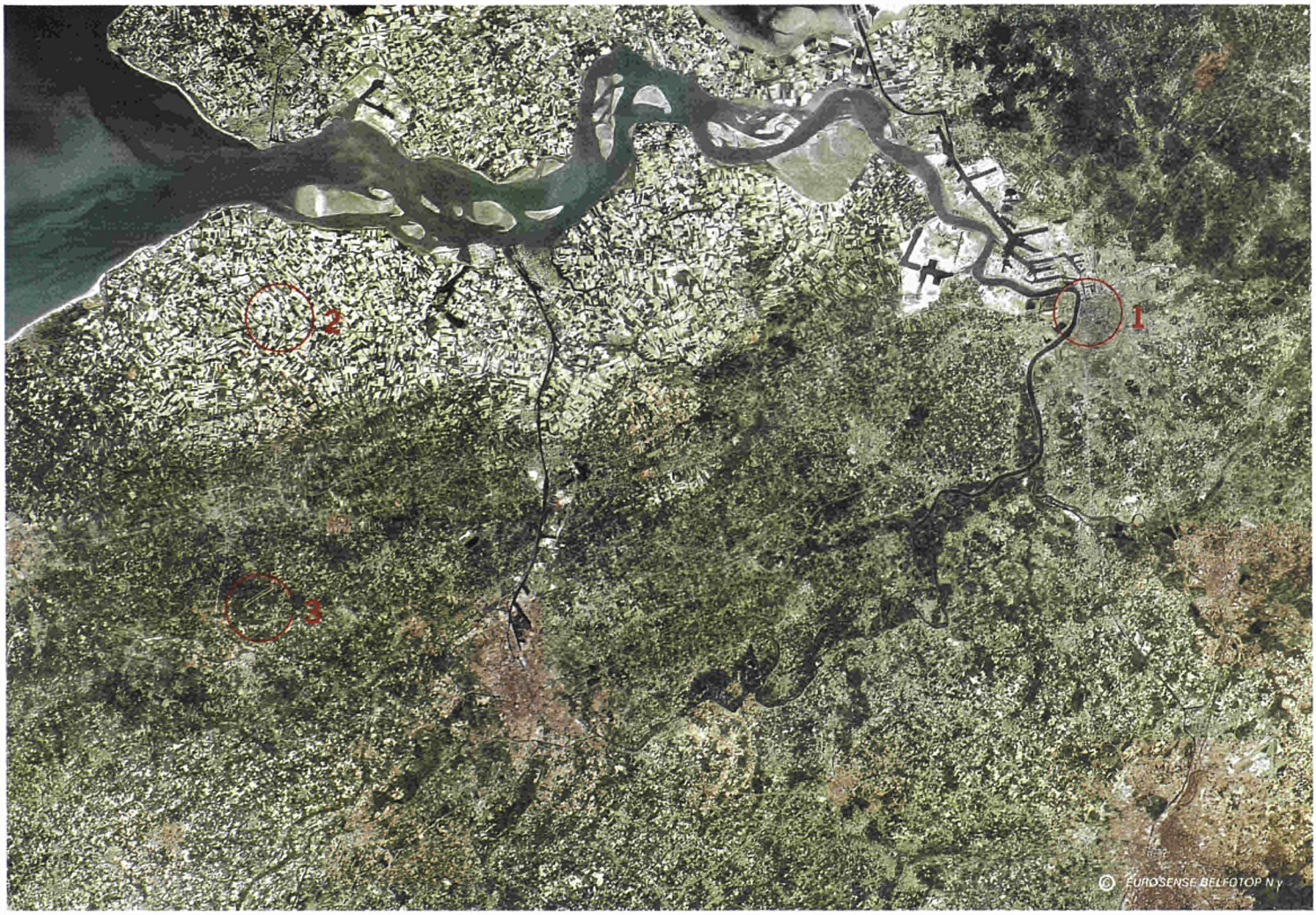


Population density per km²



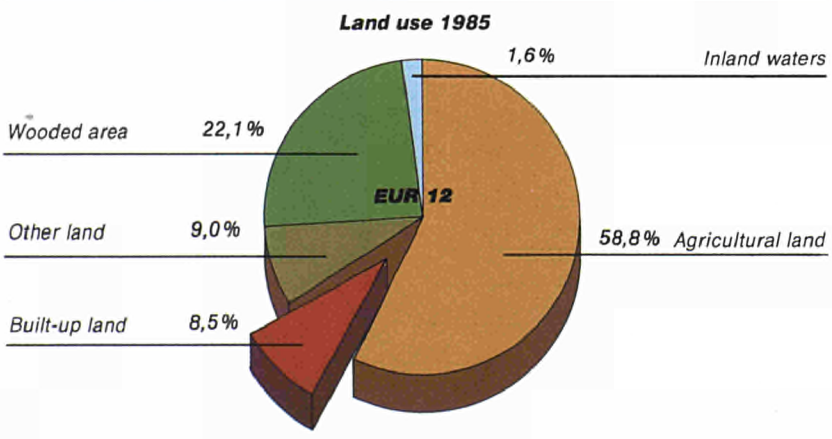
Land area: major protected zones as a percentage of the total surface area





This satellite-photo of north-western Europe was reconstructed from four pictures taken by the Landsat satellite in April 1985. The colour of each element was reconstructed by computer after spectral analysis of the images. The same program can also identify the characteristics of the photographed zone and hence the users of the land surface.

Section (1) is an urban zone, Antwerp. The computer can locate similar zones and calculate the total urban surface. This also applies to polders (2), forests (3), etc. In future this system, supplemented by other sources of data, will make it possible to prepare statistics on land use for the entire EEC (see figure below). However, collection, storage and processing of these images is still quite expensive, quite apart from the fact that the sky over Europe is not always clear when the satellites are overhead ...

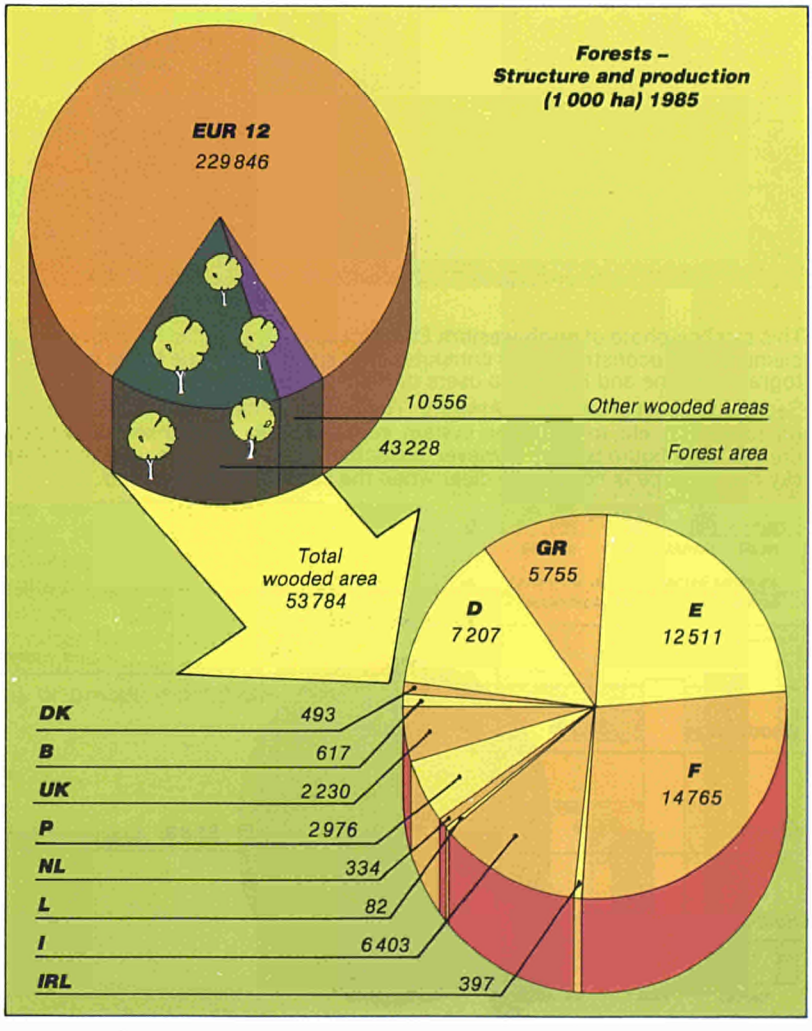


7 FORESTRY

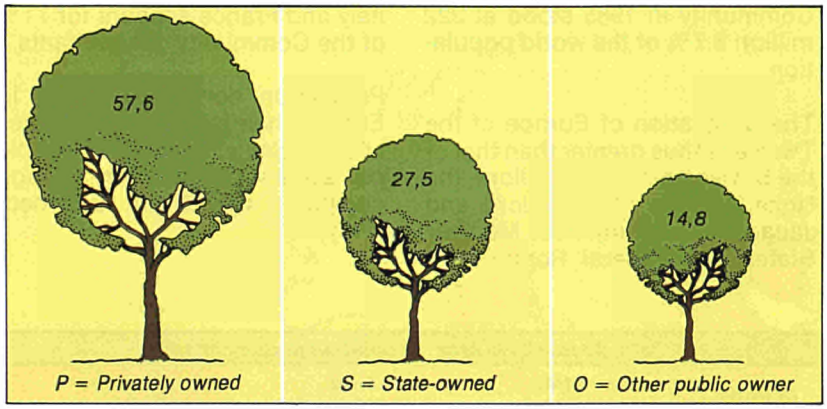
Woodland covers nearly a quarter of the European Community, i.e. almost 54 million hectares. A fifth of this area is, however, occupied by brushwood, stunted trees, shelter belts and other forest too sparse to be suitable for timber production.

In terms of percentage surface area, the most wooded countries are Greece (43.6%), Portugal (32.3%), Luxembourg (31.7%) and the Federal Republic of Germany (29%). Only 2.5 million hectares of Greece's woodland is usable forest, 3.2 million hectares being scrub; Spain has 6.9 million hectares of usable forest and 5.6 million of scrub, while France has 13.6 million and only 1.1 million respectively. Ireland, with only 5.6% of its surface area covered by forest, is the least wooded country, closely followed by the Netherlands (9%) and the United Kingdom (9.1%).

The largest total wooded areas are to be found in France, with 14.7 million hectares, and Spain, with 12.5 million, accounting, between them, for half of the total wooded area of the Community. Together with Germany, Greece and Italy, the total rises to 87%. The seven other members of the EEC share the remainder.



Ownership in % (EUR 12)

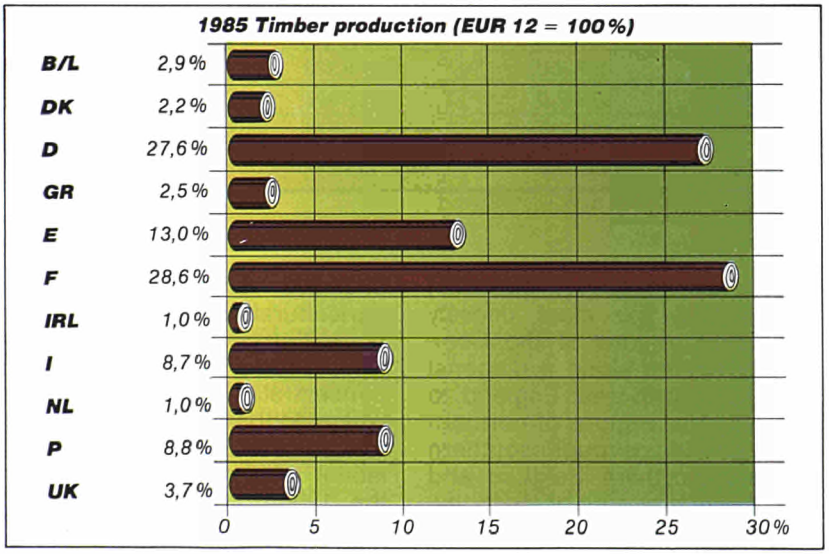


	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
P	53,1	65,5	43,8	14,8	65,0	71,9	20,2	60,2	53,7	53,1	83,0	56,5
S	10,9	30,4	31,1	73,2	35,0	9,6	79,3	5,9	8,5	30,2	17,0	43,5
O	36,0	4,1	25,1	12,1		18,5	0,5	33,9	37,8	16,7		

More than half (58%) of European forests are privately owned (by individuals, companies, institutions, etc.). Only 27% of the surface area is State-owned and the remainder belongs to other public bodies (15%).

Private ownership is particularly common in Portugal (83%), France (72%), Denmark (65%) and Spain (also 65%). By contrast, only 20% of forest is privately owned in Ireland and 15% in Greece, the State owning 80% and 73% respectively.

1985 Timber production (EUR 12 = 100%)



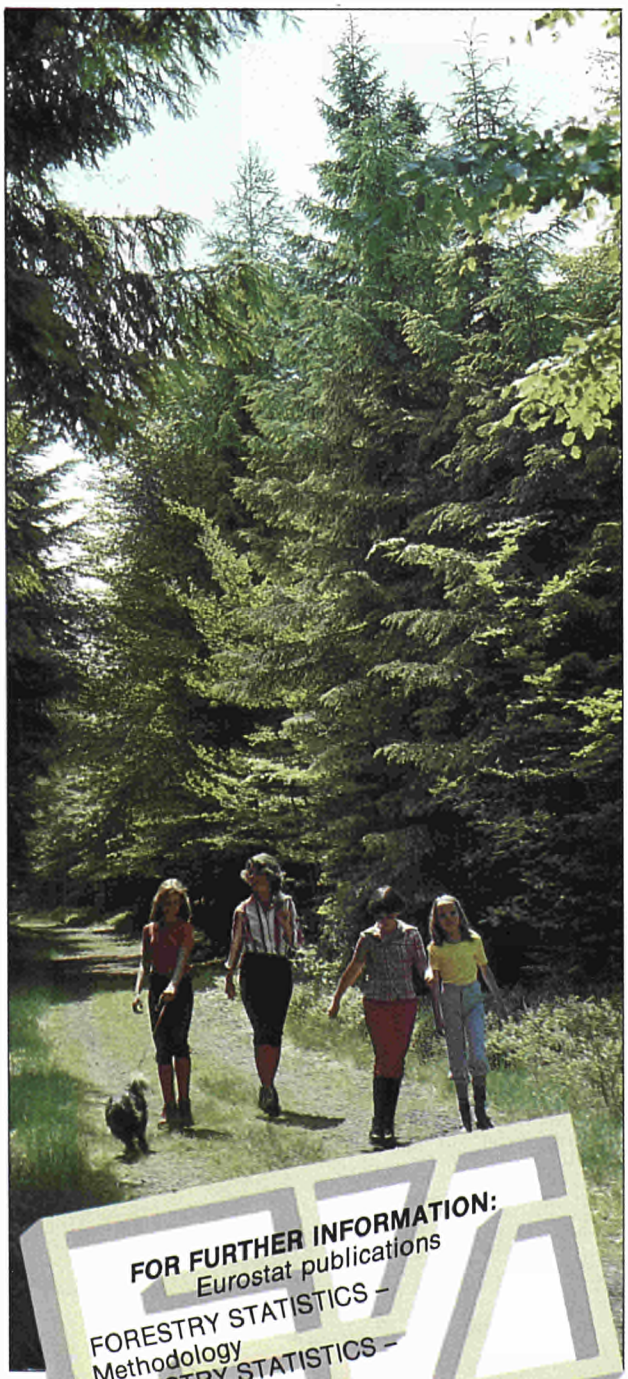
In 1985, timber production stood at 105 million m³, or only 3% of world production. The EEC exports 10 million m³ of rough timber to third countries, but has to import 15 million m³. Taking account of requirements for timber and wood-based products such as sawn wood, panelling, pulp, paper and board, the Community deficit is quite substantial, amounting to around 15000 million ECU a year, second only to petroleum products.

In recent years there has been a growing awareness in Europe of forest infrastructure in terms of both the environment and rural development.

Rough timber supply of the 12 Member States

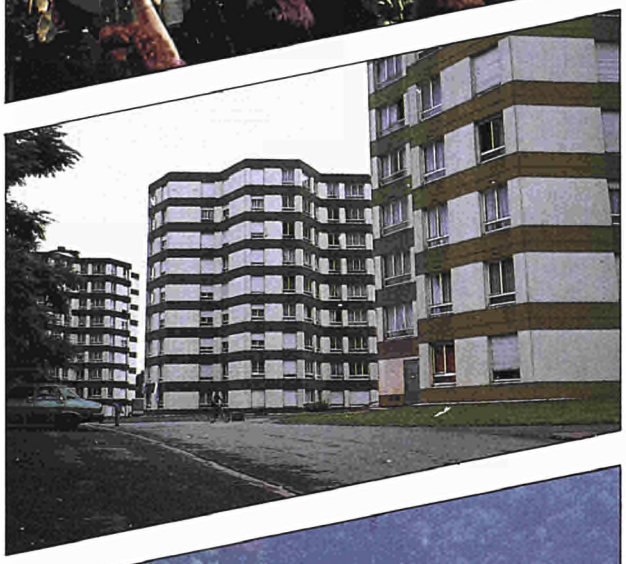
	million m³ 1985
Production	105
Imports	15
Exports	10

Degree of self-sufficiency in rough timber (excl. stocks) 95,4



FOR FURTHER INFORMATION:
Eurostat publications
FORESTRY STATISTICS – Methodology
FORESTRY STATISTICS – Tables

8 POPULATION STRUCTURE



The population of the European Community in 1985 stood at 322 million 6.7% of the world population.

The population of Europe of the Twelve is thus greater than that of the Soviet Union (279 million), the United States (239 million) and Japan (121 million). Four Member States, the Federal Republic of Germany, the United Kingdom, Italy and France account for 71% of the Community's inhabitants.

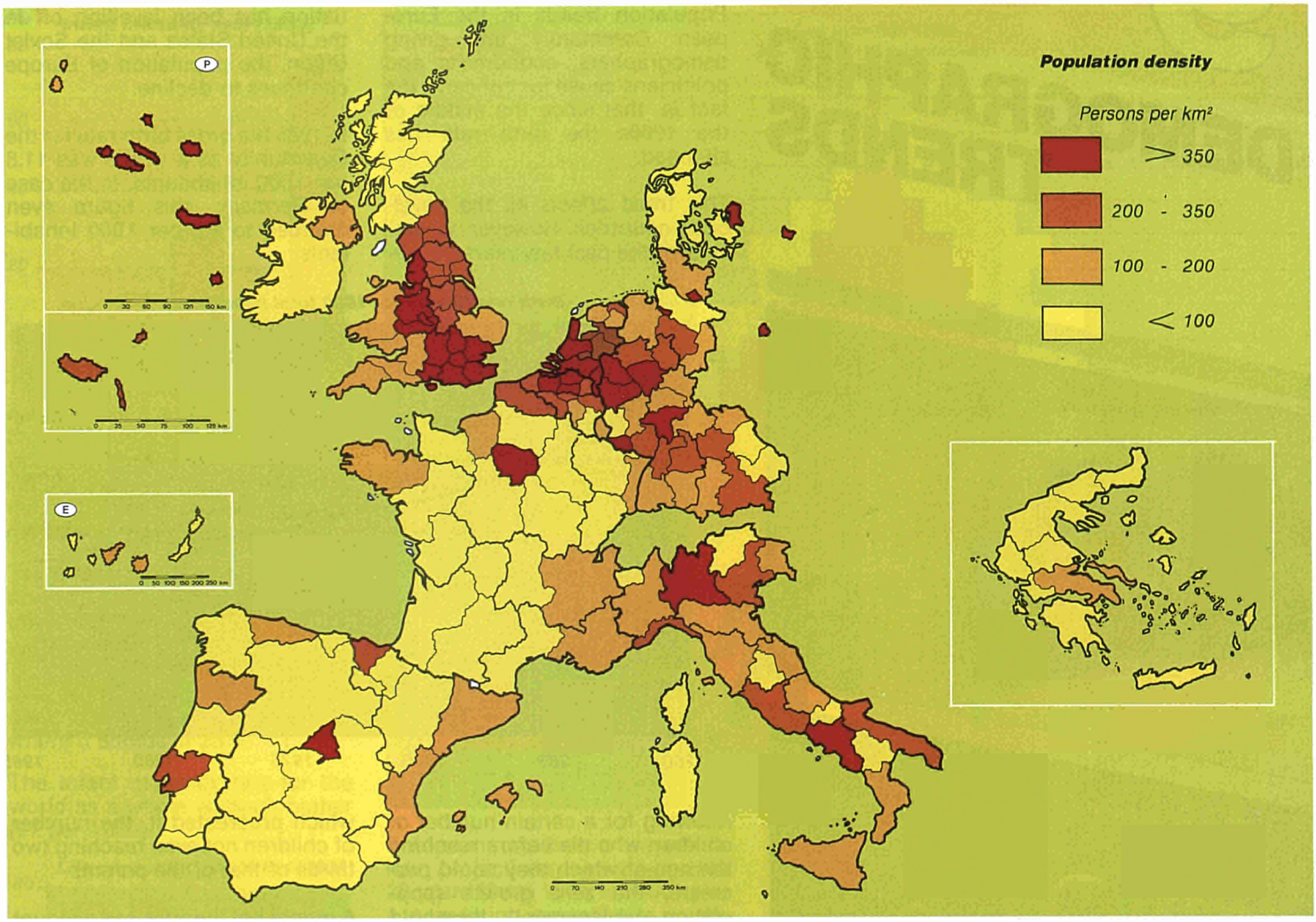
Population density is higher in Europe than in the United States and the Soviet Union (143 people per square kilometre on average compared with 26 and 12 respectively).

Total population, Area, population density in 1985

Country	Population (thousands)	Area (1 000 km²)	Persons (per km²)
B	9858	31	323
DK	5114	43	119
D	61024	249	245
GR	9935	132	75
E	38602	505	76
F	55170	544	101
IRL	3540	69	51
I	57141	301	190
L	367	3	141
NL	14492	42	352
P	10157	92	110
UK	56618	244	232
EUR 12	322000	2253	143
USA	239300	9372	26
USSR	278600	22402	12
JAPAN	120700	372	324
World	4837000	135837	37

The density map (see opposite) shows that the most densely populated regions of the Community stretch along a diagonal line from north-west England to the industrial regions of northern Italy, passing through southern Holland, northern Belgium and the Rhine-Ruhr area of Germany. The Ile-de-France and the Paris conurbation, surrounded by comparatively low-density regions, lies away from this diagonal.

These high-density areas correspond to industrial regions or administrative centres, such as Madrid, Lisbon and Naples. The low population density regions are not necessarily the poorer upland areas, but sometimes, as is the case of Champagne, regions which include vast, highly-mechanized and highly-efficient agricultural estates. It should be noted that population, particularly in Spain, has a tendency to concentrate in coastal areas where tourism and ancillary activities have soaked up the rural labour seeking employment in the 1960s. Lastly, a somewhat special case, the French and Italian Rivieras owe much of their above-average population density to the attraction of the sun.



Main conurbations (number of inhabitants)			
Bruxelles	1 280 000	Napoli	2 520 000
København	1 370 000	Torino	1 480 000
Rhein-Ruhr	7 790 000	Genova	800 000
Köln	960 000	Rotterdam	1 030 000
Essen	640 000	Amsterdam	940 000
West-Berlin	1 870 000	London	7 680 000
München	1 840 000	West Midlands	2 360 000
Hamburg	1 620 000	Manchester	2 340 000
Athens	3 030 000	Glasgow	1 210 000
Paris	8 710 000	West Yorkshire	1 480 000
Lyon	1 220 000	Tyneside	780 000
Marseille	1 110 000	Liverpool	750 000
Lille	940 000	Madrid	4 170 000
Dublin	920 000	Barcelona	2 700 000
Milano	2 810 000	Valencia	850 000
Roma	2 790 000	Lisbõa	1 300 000

Comparing the populations of the major European cities in a manner which is statistically valid is not as easy as one might think. Each country has its own ways of circumscribing administrative areas. The table showing the population of the big towns and cities, based on census data collected around 1981, can only permit approximative comparisons. The population of the conurbation is sometimes much greater than that of the administrative area which constitutes its centre. A case in point is the Paris conurbation, which has a concentration of 8.7 million inhabitants, whereas the city of Paris on its own has only 2.2 million. Another example is the Milan conurbation which has 2.8 million inhabitants, whereas the municipality of Milan has 1.6 million. Lastly, in the Rhine-Ruhr area of Germany, nearly 8 million people are concentrated in 17 towns, the suburbs of which merge to form a vast and more or less continuous urban area.

FOR FURTHER INFORMATION:
Eurostat publications

DEMOGRAPHIC STATISTICS

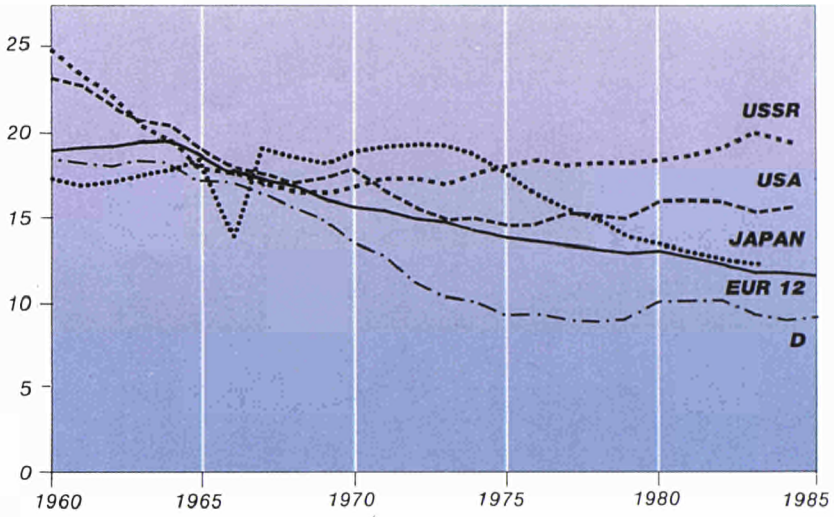
9 DEMOGRAPHIC TRENDS

Population trends in the European Community are giving demographers, economists and politicians cause for concern: the fact is that since the middle of the 1960s the birth rate has slumped.

This trend affects all the developed countries. However, whereas over the past few years the situation has been levelling off in the United States and the Soviet Union, the population of Europe continues to decline.

In 1985 the gross birth rate for the Community as a whole was 11.8 per 1000 inhabitants. In the case of Germany, this figure even dropped to 9.6 per 1000 inhabitants.

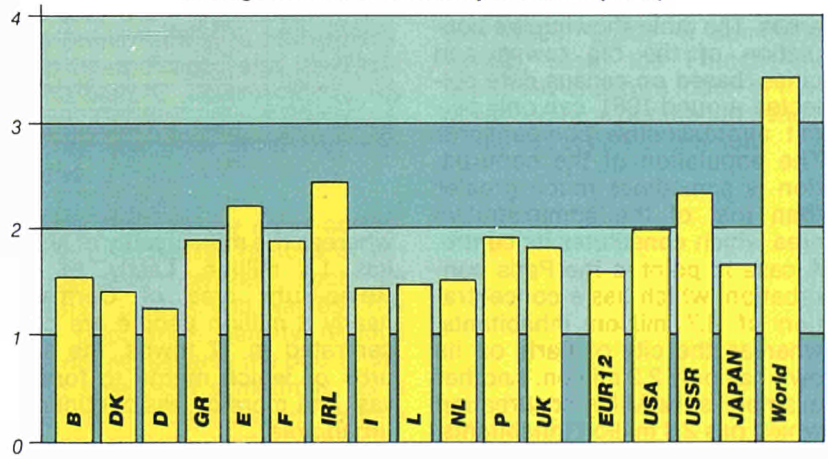
Birth rate (Births per 1000 total population)

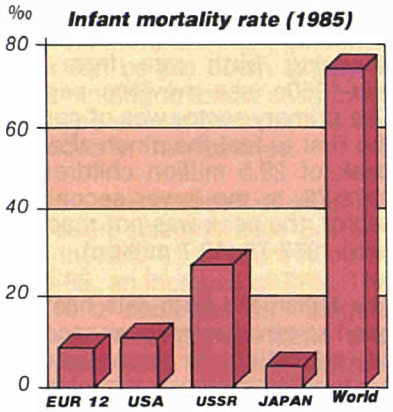


Allowing for a certain number of children who die before reaching the age at which they could procreate, the zero growth (population replacement) threshold stands at 2.1 children per woman and is achieved by two Member States only (Ireland and Spain). Germany has the extraordinarily low figure of 1.3 children per woman, which means that each new generation in that country is therefore far smaller than that which procreated it, the number of children not even reaching two thirds of that of the parents.

A number of theories can account for the fall in fertility in the developed countries: changing mentalities generated by industrialization and urban growth, rising standard of living, the crisis afflicting the family as a unit, female employment, birth control.

Average number of children per woman (1985)

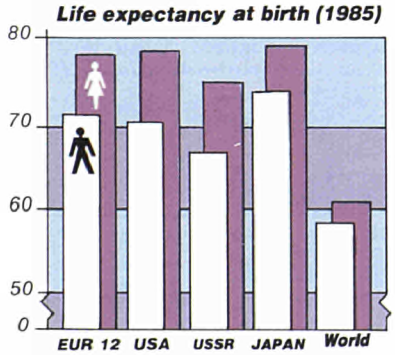




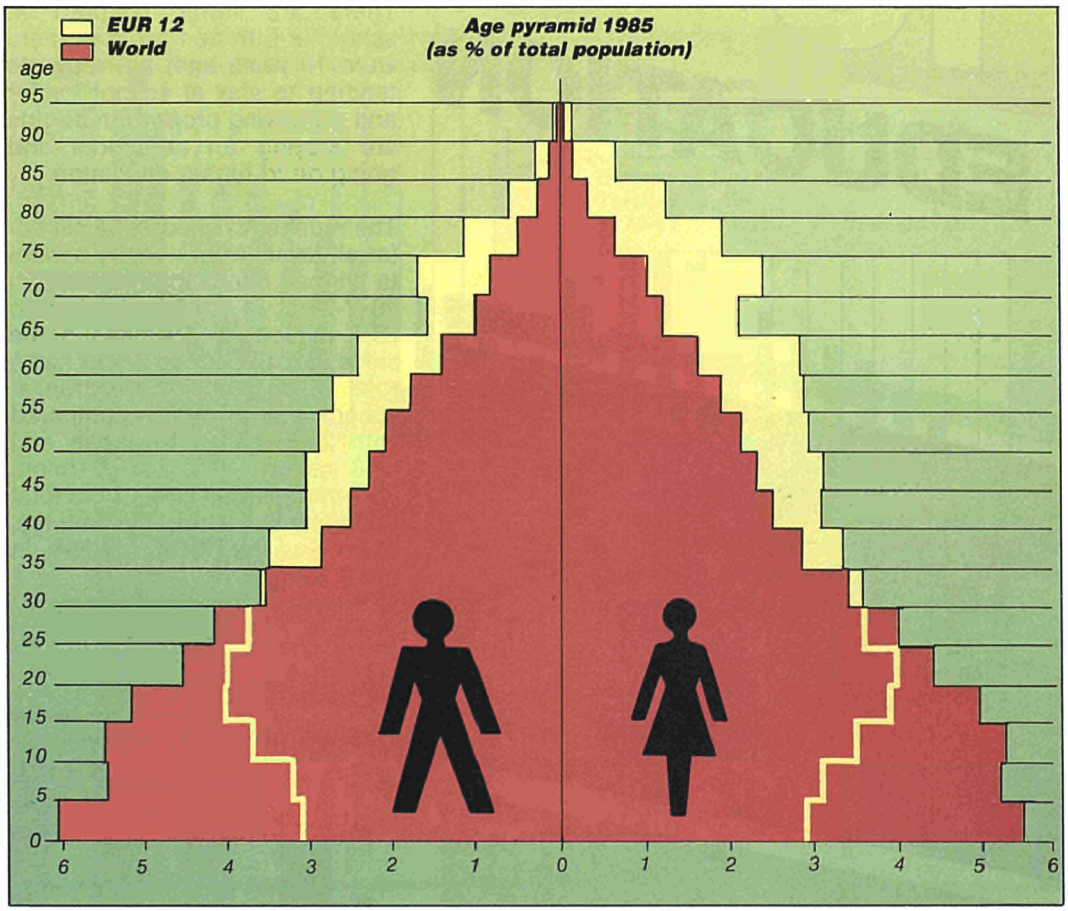
The infant mortality rate is considered to be a sound indicator of the health of a nation. It is calculated by dividing the number of children dying before reaching the age of one year by the number of children born alive.

The infant mortality rate in Europe (9.4 per 1000) is one of the lowest in the world. However, Japan's is even lower (6 per 1000). This rate reaches 11.6 in the USA and, for a developed country, is comparatively high in the USSR, where it stands at 23.5.

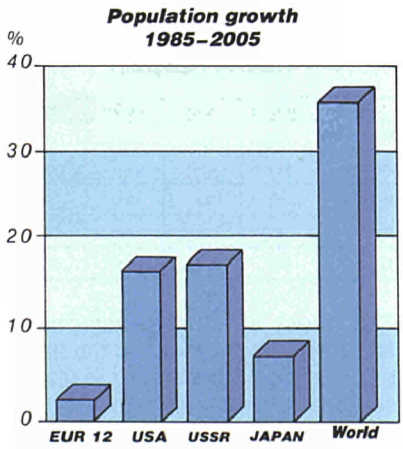
The infant mortality rate for the world as a whole is much higher (77 per 1000).



A further indicator of the health of a nation is the life expectancy at birth. It is highest in Japan at 74.3 years for men and 79.7 years for women. In Europe, it stands at 71.6 years for a man and 78.2 for a woman, well above the world average (58.3 and 61.6 respectively).



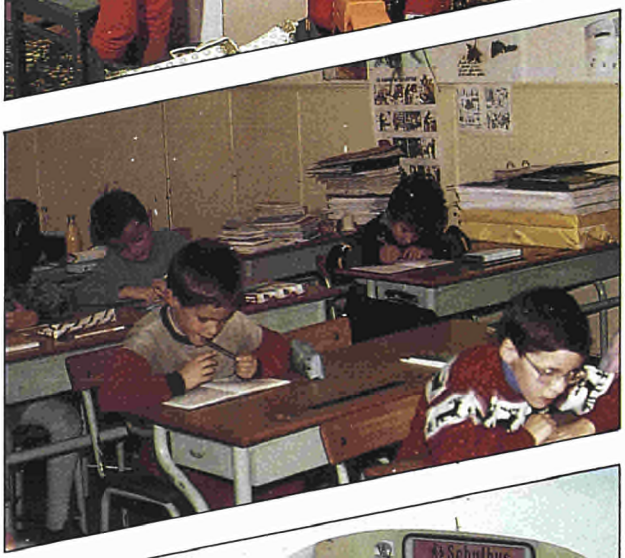
European population growth is low: projections over a period of 20 years (from 1985 to 2005) give a population growth rate in the European Community of barely 2%, whereas the world average is 36%, the USA and the USSR can expect 17% and Japan 8%. Two Member States already have a dwindling population: Germany since 1981 and Belgium where the downturn has just started.



FOR FURTHER INFORMATION:
Eurostat publications

DEMOGRAPHIC STATISTICS (annual)
REGIONS – Statistical yearbook

10 EDUCATION



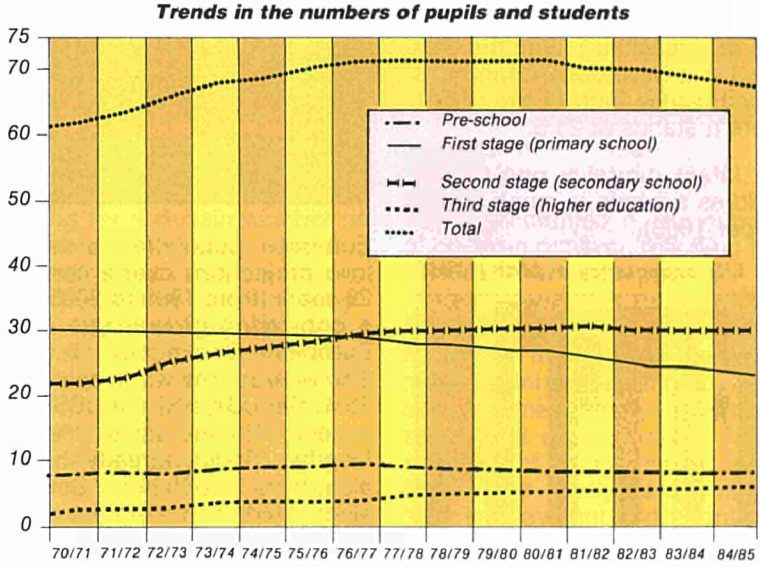
There are fewer children at school in Europe now than there were 10 years ago, but they are tending to stay at school longer and a growing proportion of girls are staying on at school and going on to higher education.

The number of children at school (at all levels from nursery school to higher education) peaked in 1977-78 at 71.8 million, falling to 68.4 million by 1984-85. In the same year the United States had a total of 58.5 million children at school and university, compared with 26.6 million in Japan and 59.8 million in the Soviet Union. This represented 22% of the total population in the Community, Japan and the USSR, but 25% in the USA.

The declining school population in the Community is due to the declining birth rate from the mid-1960s (see previous pages). The primary sector was of course the first to feel the pinch after its peak of 29.5 million children in 1971-72. In the lower secondary sector, the peak was not reached until 1977-78 (19.7 million).

The fall in the birth rate has not been so obvious in upper secondary education, as young people are tending to stay at school longer. More than a quarter of all young people in Europe (26.6%) were still at school at the age of 19 in 1984-85, compared with only 18.8% in 1970-71.

Trends in the numbers of pupils and students



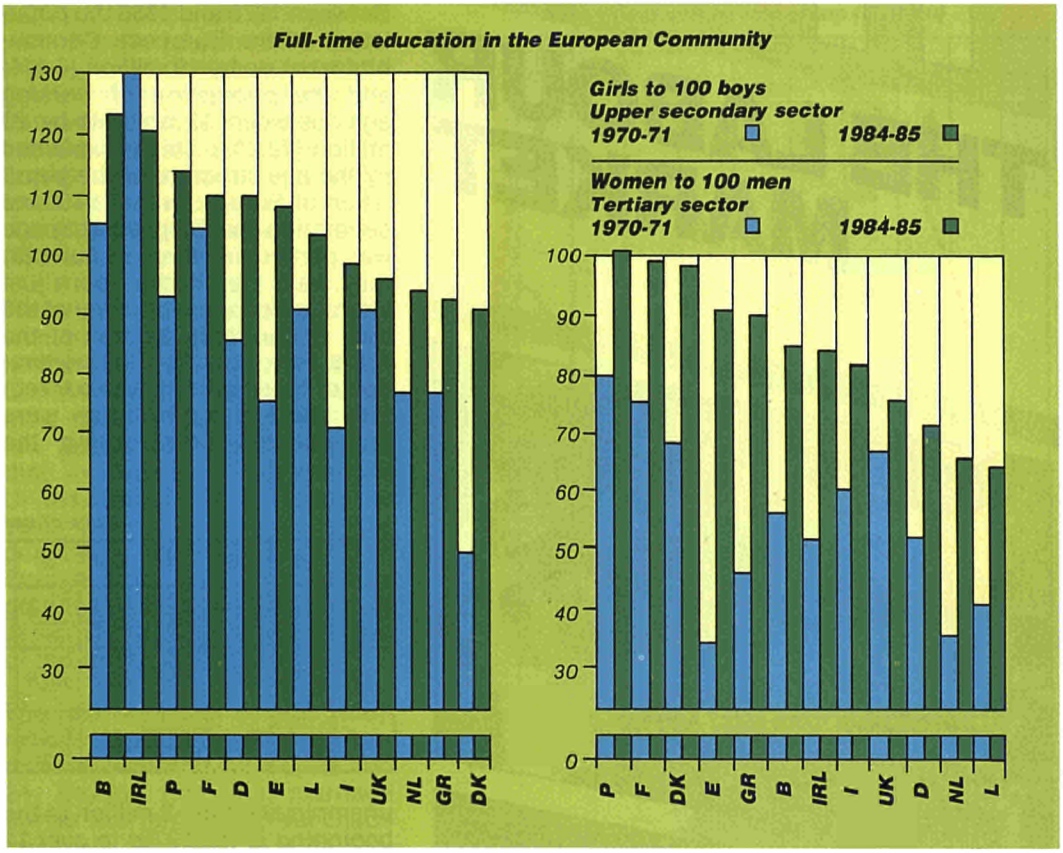
Children and young people at school and in higher education 1984/85 (millions)

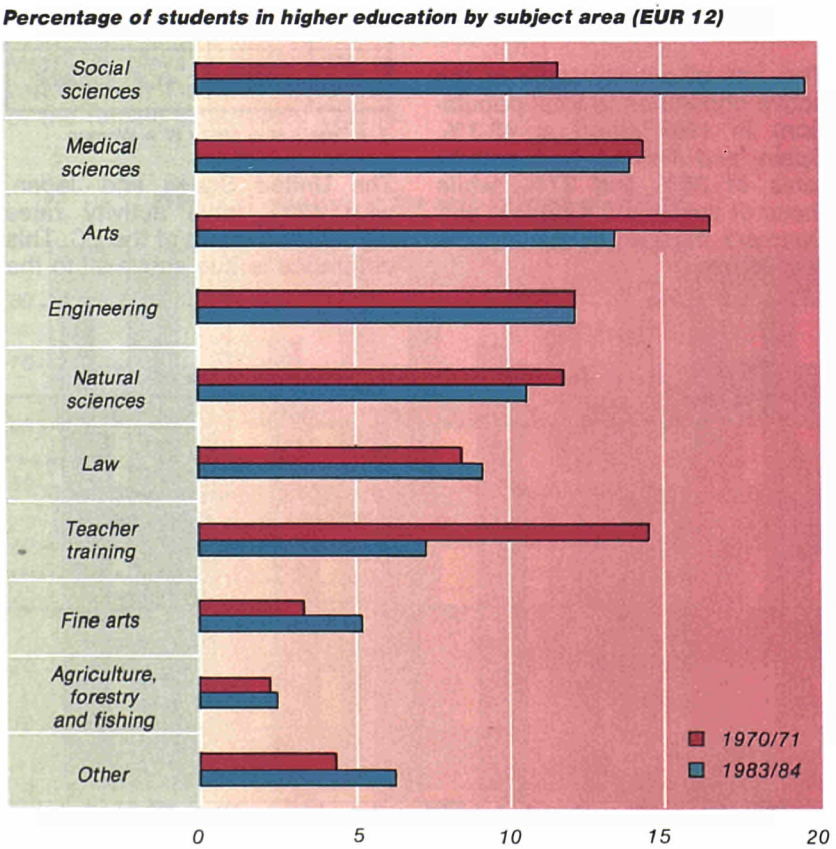
	EUR 12	USA	Japan	USSR
Pre-school	8,6	5,5	2,1	11,3
Primary	23,5	26,8	11,5	23,2
Secondary	30,2	13,8	10,6	20,0
Tertiary	6,2	12,5	2,4	5,3
Total	68,4	58,6	26,6	59,9

The most striking development has been the increase in the number of girls in the higher levels of secondary education and in universities and other higher education establishments between 1970-71 and 1984-85. The proportion of girls at secondary school at the age of 15 has jumped from 62% to 94%, and at age 16 from 45% to 71%, the proportion of 17-year-olds being up from 32% to 56% and of 18-year-olds from 23% to 39%. From being underrepresented in certain countries, girls have now caught up with boys and have even, in some cases, passed them. The most spectacular development has been in Spain, where there were only 35 girls to 100 boys at university in 1970-71, but where the figures were almost in balance (93 girls to 100 boys) in 1984-85.

The fact that, in some secondary classes, there are more girls than boys can be put down largely to boys tending to follow an apprentice-type education, which is not included in the statistics.

Overall, the number of students has risen steadily, from 3.5 million in 1970-71 to 6.2 million in 1984-85, an increase of 77%. The choice of subjects has changed, though. Whereas medicine and the technical subjects attract roughly the same proportion as before, the social sciences have leapt from 11.8% to 19.6% and have taken over at the top of the league table from arts subjects, which have fallen by 3 percentage points. The main difference, however, is that only 7.1% of students are aiming for a career in teaching, compared with 14.6% in 1970-71. The fine arts, meanwhile, are proving very popular among the new generation of students, accounting for 5.2% now as against 3.4% before.





11 THE LABOUR MARKET

Between 1970 and 1985 the population of the European Community went up by 19 million (6.1%) and the population of working age (between 15 and 64) by 23 million (12.2%). This is explained by the age structure of the population of Europe. In the 1970s the generation reaching working age was particularly large in number: they were the children born just after the Second World War at the time of the 'baby boom'; at the same time, however, the generation of those retiring was particularly small in number: they were the children born during the Great War, of whom there were relatively few.

The active population, i.e. those persons working or wishing to work, developed in parallel with the population of working age: increase of 12 million, or 9.7%, over 15 years. The main component of the active population, i.e. those in employment, remained virtually unchanged in the 1970s and 1980s. There was therefore a substantial increase in the section of the active population wishing to work but not finding jobs, i.e. the unemployed, from 3 million at the beginning of the 1970s to over 14 million at the end of the decade, i.e. more than 10% of the active population and almost 5% of the total population.

Rate of activity – 1985 (%)

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
T	42,6	55,4	45,6	41,0	35,7	43,3	36,6	41,1	42,4	40,3	44,5	48,7
M	52,6	61,5	58,5	55,2	50,6	51,6	51,3	55,0	56,1	53,2	54,0	59,6
W	33,1	49,5	33,8	27,3	21,2	35,4	21,7	27,9	29,3	27,6	35,7	38,3

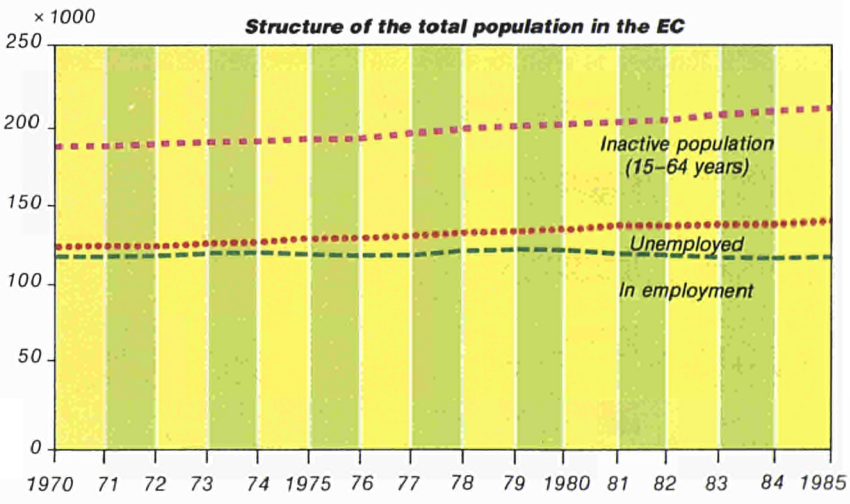
The rate of activity (ratio of the active population to total population) in 1985 stood at 43.3%. Spain and Ireland had activity rates of 36% and 37%, while those of the United Kingdom and Denmark reached 49% and 55% respectively.

	EUR 12	USA	JAPAN
T	43,3	49,3	49,4
M	55,3	57,1	60,5
W	32,0	41,8	38,6

T = Total / M = Men / W = Women

The United States and Japan, with 49%, have activity rates higher than those of the EC. This difference is due above all to the

Structure of the total population in the EC



fact that a higher proportion of women are present on the employment market. While 32% of women are in employment or seeking employment in the EC, the corresponding figure is 39% for Japan and 42% for the USA. Lastly, a high proportion of men work beyond the age of 65 years in Japan and this takes the activity rate for the male population to over 60%, compared with 55% on average in the Community.

Denmark is a special case in that its activity rate is well above the European average and even higher than that of the United States and Japan; this is true for both men and women.

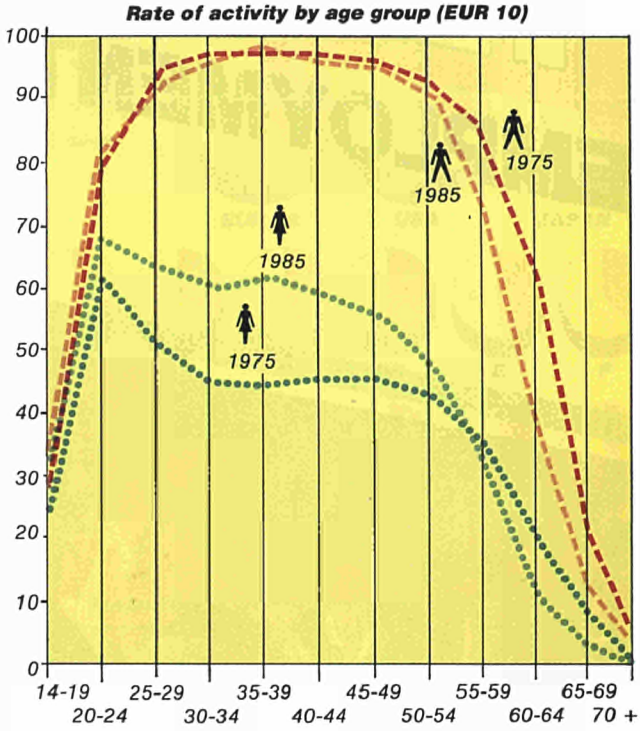
The inclination of European women to work varies considerably from one country to another: female activity rates are above the Community average in Denmark (50%) and well below in Spain and Ireland (21%) as well as – and this is not such a familiar fact – in the Netherlands, Italy and Greece (28%). Women in Belgium, Germany and Luxembourg are closest to the Community average with 33%, 34% and 30% respectively.

Marriage plays a major role in variations in the rates of activity of the female population. This is particularly manifest in the 25-49 year age group, in which fewer than 4 married women out of 10 figure among the active population, whereas 8 out of 10 women are married..except in Denmark. Danish women tend to remain in force on the employment market whether married (87%) or single (88%).

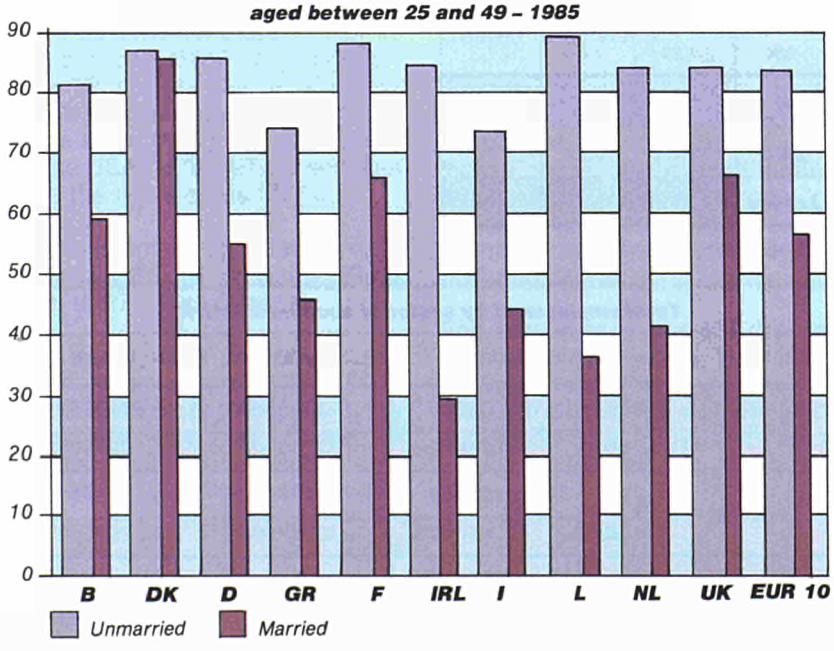
There was a massive influx of women on the employment market between 1975 and 1985. In the Community, the increase in the male active population was very low (just over 1%), way behind that in Japan (+8%) and the United States (+14%). During the same period the female active population went up by 18% in Europe, from 45 to 53 million, a growth rate comparable to that of Japan (19%) but well below that of the United States (36%).

The rate of activity by age group reveals a peak of activity in women between the ages of 20 and 24. Beyond that age, marriage brings the rate down, but much less so in 1985 than in 1975. This change is attributed to the smaller number of children per female and their desire to remain in the employment market.

Rate of activity by age group (EUR 10)



Effects of marriage on the activity rates of women aged between 25 and 49 – 1985



FOR FURTHER INFORMATION:
Eurostat publications

EMPLOYMENT AND UNEMPLOYMENT

12 EMPLOYMENT

Between 1975 and 1985 there was little change in employment in the European Community (fall of less than one million jobs, i. e. 0.7%). However, over the same period 21 million jobs (24%) were created in the United States and 6 million (11%) in Japan.

The fall in the number of jobs affected mainly the industrial sector, which had 7.5 million jobs fewer in 1985 than 10 years earlier. At the same time the Japanese and Americans were creating 1.5 million and 4 million jobs in industry respectively.

Total employment – 1985

	Total (million)	*Women (%)*	*Young people <25 (%)*
B	3,662	37,4	13,8
DK	2,598	44,5	20,5
D	25,531	38,2	19,3
GR	3,774	32,3	11,5
E	10,798	28,6	13,7
F	21,476	40,6	13,7
IRL	1,073	30,8	24,5
I	21,113	32,4	13,3
L	0,161	33,7	20,7
NL	5,208	33,9	18,3
P	4,137	40,0	18,3
UK	24,391	41,6	21,3
EUR 12	123,922	37,2	16,8
USA	109,378	43,4	18,7
JAPAN	58,070	39,7	12,0

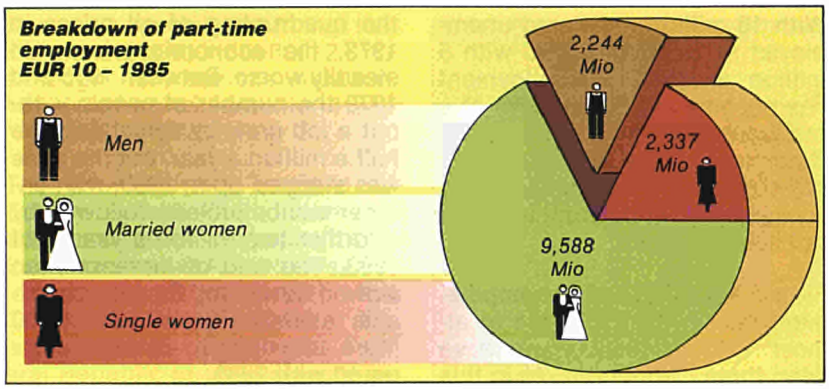
The real watershed was at the turn of the decade, at the time of the second oil price shock. In 1981, European industry shed 1.7 million jobs, followed by a further 1.5 million in 1982. 1982 was also a black year for the USA (2 million jobs lost). Even Japan took a minor battering, losing 50000 jobs. The difference is, though, that while the USA and Japan made up the lost ground in subsequent years, employment in industry in the Community continued to fall.

Employment in agriculture has declined in all the developed countries: by 3.6 million in the EC, by 1.5 million in Japan and by 0.2 million in the USA. This was due essentially to increased mechanization, an area in which the Americans already had a head start, with a 1975 workforce of no more than 3.5 million, compared with 6.6 million in Japan and 13.9 million in the Community.

The services sector created jobs (10.2 million of them) in the EC between 1975 and 1985. The equivalent figure in Japan was 5.8 million, while the US figure shot up by as much as 17.6 million. This increase in services jobs is characteristic of the current economic situation in the developed countries, although it is worth pointing out that some of these jobs (especially in the United States) are part-time only and may not be particularly durable.

Total employment by sector of economic activity

		EUR 12	**USA**	**JAPAN**
Agriculture	1975	13933000	3505000	6610000
	1985	10373000	3338000	5090000
Industry	1975	48420000	26288000	18730000
	1985	40909000	30047000	20250000
Services	1975	62424000	58229000	26890000
	1985	72641000	75993000	32730000



Women accounted for 37% of the 124 million jobs available in the EC in 1985, the Japanese and American equivalent rates being 40% (of 58 million jobs) and 43% (of 109 million jobs) respectively. In Denmark, though, the percentage was even higher than in the USA, at 44.5%. At the other end of the scale women occupied a smaller proportion of the available jobs in Spain, Ireland, Greece and Italy.

Young people occupy a small proportion of jobs in Europe, where only one job in six is held by an 'under-25'. This is largely due to the inadequate number of new jobs being created. The percentage figure for youth employment is higher in the USA at one in five, but lower in Japan (one in eight), where formal education and vocational training last longer. In Ireland, one job in four is held by an 'under-25', owing to the high proportion of young people in the population.

Percentage share of total employment by sector – 1985

B	DK	D	GR	F	IRL	I	L	NL	UK	EUR 12	USA	JAP
8,6	24,3	12,8	5,3	10,9	6,5	5,3	7,2	22,7	21,2	13,1	17,4	11,0

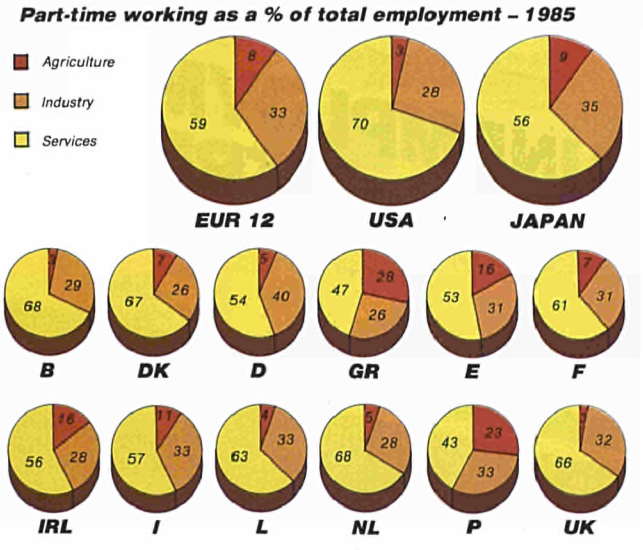
Of the total 124 million jobs available in the EC, the services sector accounts for 72.6 million, or almost 59%, while industry has 41 million jobs (33%) and agriculture 10 million (8.4%). Employment in industry is on much the same scale in Japan but is lower in the USA (25%), where services take the lion's share (70%).

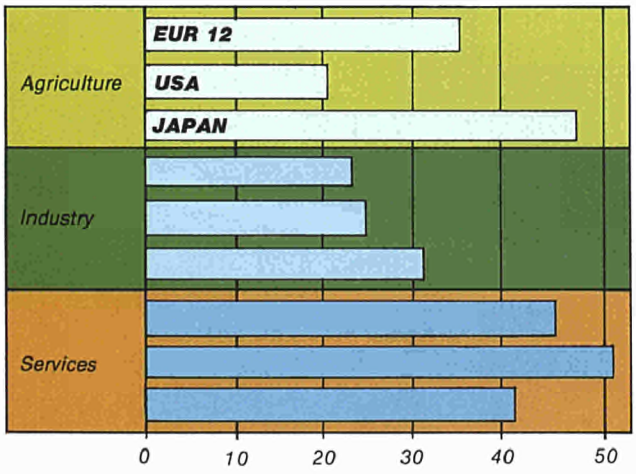
Employment in agriculture ranges from 2.5% in the United Kingdom to 27.5% in Greece.

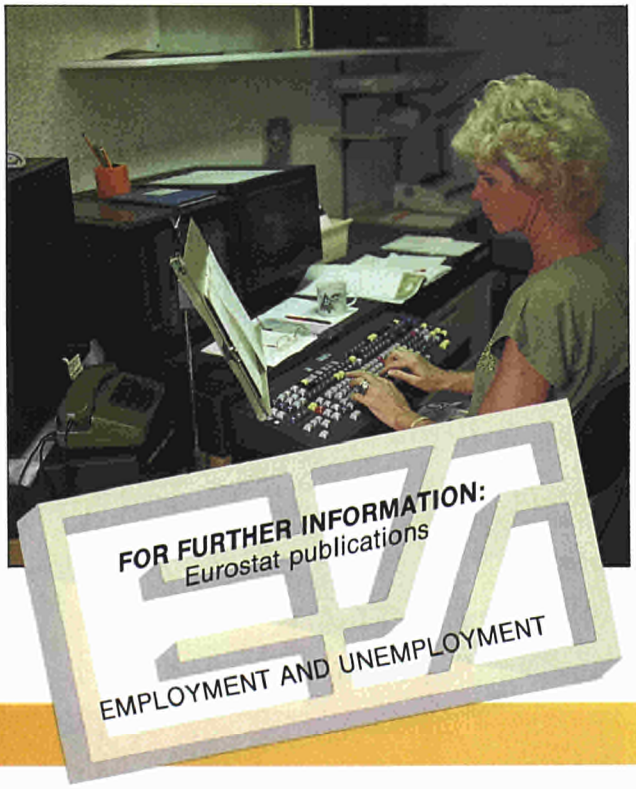
Jobs for women predominate in the services sector, with 45% in the EC and more than 50% in the USA. This sector, of course, includes what are traditionally regarded as 'women's jobs', especially in teaching. More women have entered the job market in recent years as jobs have been created in services.

Women are better represented in farming than their American counterparts, especially in southern Europe, where small family farms are still commonplace. On the other hand, the proportion of women in industry is higher in the USA and Japan.

Part-time jobs in the EC are on the increase, totalling 14 million in 1985. These jobs are mainly the preserve of married women, who occupied 7 out of 10, compared with no more than 2 in 10 of full-time jobs.



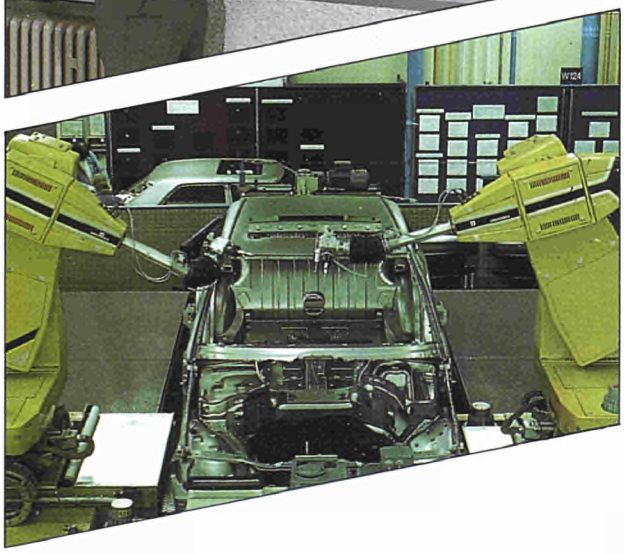




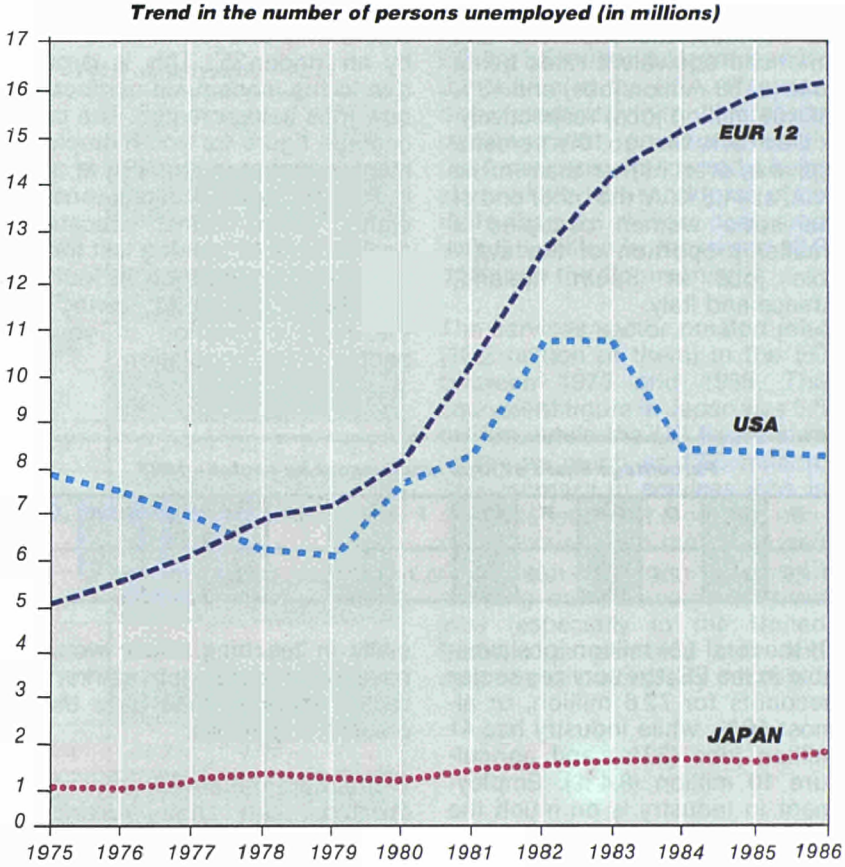
13 UNEMPLOYMENT TRENDS

With 16 million registered unemployed in 1986 compared with 5 million in 1975, unemployment has become more and more of a preoccupation in the European Community. The United States has coped with the problem more successfully, while in Japan it has not been so acute.

From 2.9% in 1975, the unemployment rate in the EEC rose to almost 11% in 1986. There have been three distinct phases in this development. Partly as a result of the quadrupling of oil prices in 1973, the economic crises got steadily worse. Between 1975 and 1979 the number of people without a job grew by something like half a million a year, but the pace was stepped up in 1980, with another million jobless, followed by a further two million a year until 1983. The rate of increase then slowed down, and the latest available statistics point to 300 000 more unemployed in 1986 compared with 1985.



Trend in the number of persons unemployed (in millions)



Unemployment rate (%)

	EUR 12	USA	JAPAN
1975	2,9	8,5	1,9
1981	7,8	7,6	2,2
1985	10,6	7,2	2,6
1986	10,7	7,0	2,8

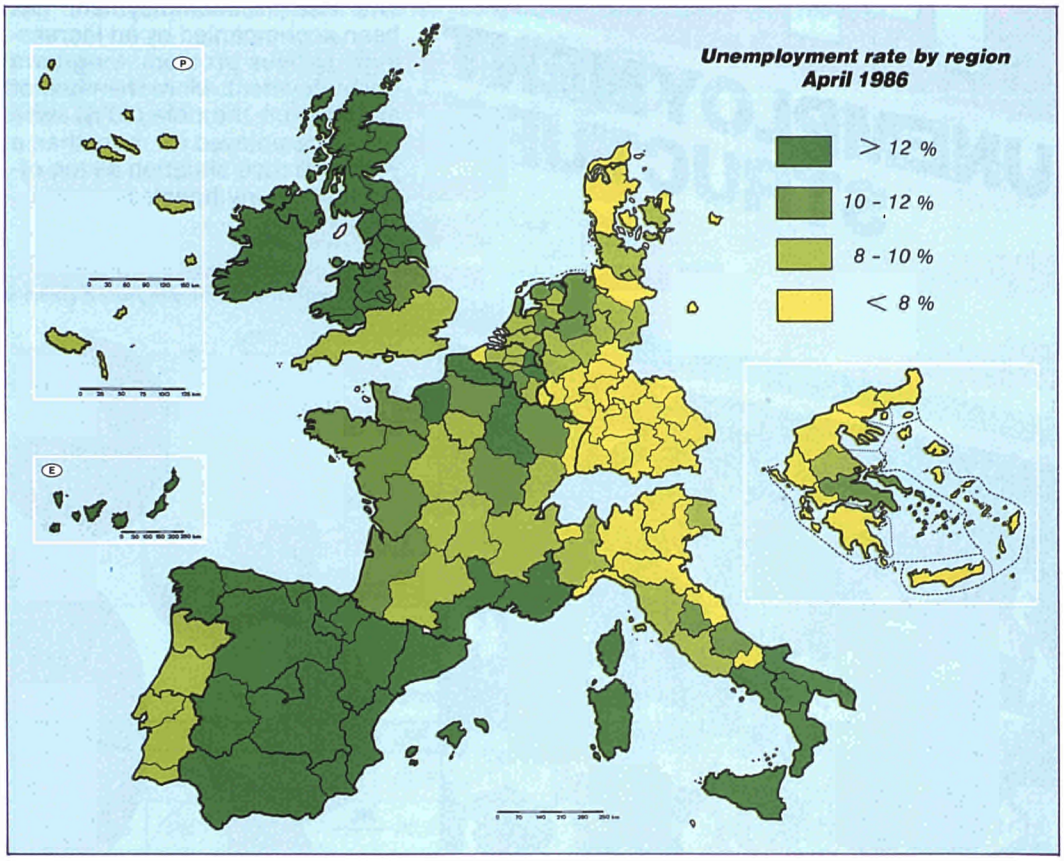
Trends in the USA were more irregular, but the Americans have now managed not only to halt the slide but even to reverse the trend. In 1986 they had the same number of job-seekers as in 1975 – eight million, or 7% of the active population.

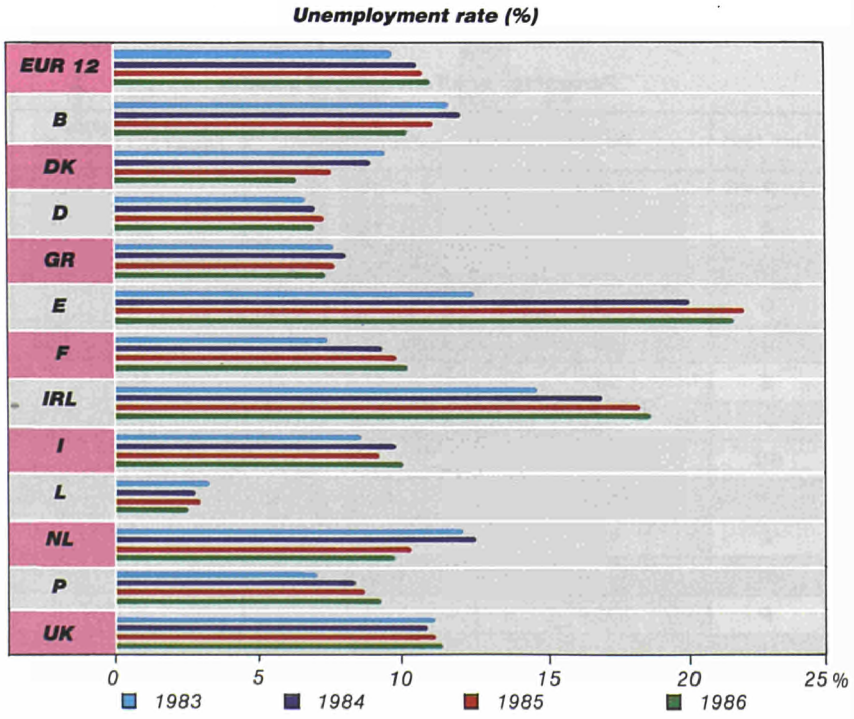
Japan is a special case in that the jobless rate is no more than 2.8%, although here too the situation has deteriorated from the 1.9% recorded in 1975.

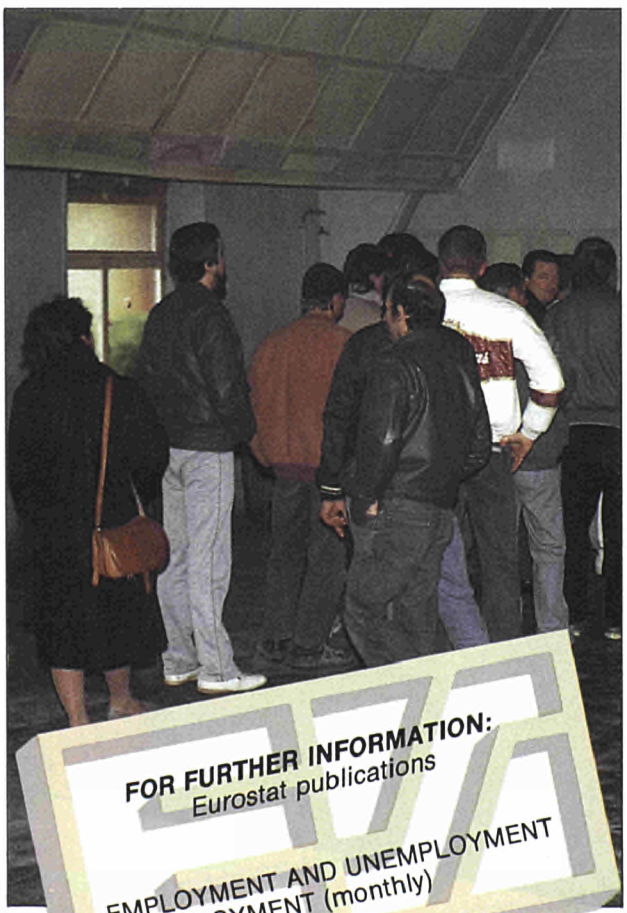
The countries and regions of Europe are not affected evenly by the scourge of unemployment. Luxembourg has far and away the lowest unemployment rate in the Community at 2.5%. Among the bigger Member States, the Federal Republic of Germany comes off best with 7.1%. The highest rates are in Spain, with 21.5%, closely followed by Ireland, with 18.7%.

In the regions of Europe, the highest rates of unemployment tend to be on the fringes in north and south, although the unemployment rate in certain high population density enclaves where the industries are undergoing a crisis is just as high.

Within one and the same country the rate of unemployment in one region may be double that of another. Thus, in Belgium the rate varies between 7% (western Flanders) and 14% (Hainaut). There is a similar discrepancy in France between Alsace (7%) and Languedoc-Roussillon (14%).







FOR FURTHER INFORMATION:
Eurostat publications

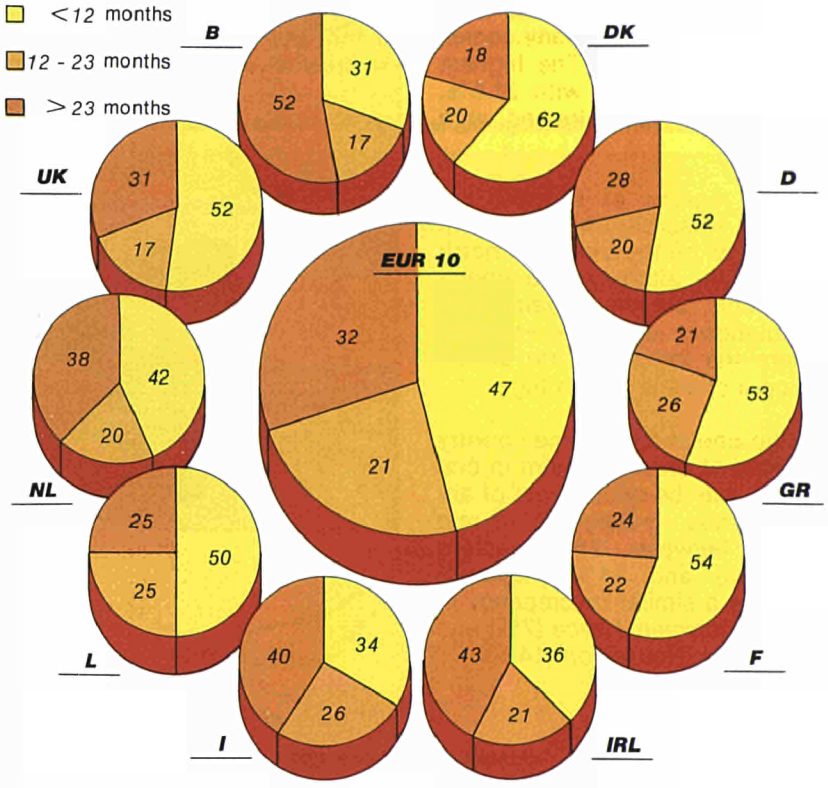
EMPLOYMENT AND UNEMPLOYMENT
UNEMPLOYMENT (monthly)

14 UNEMPLOYMENT STRUCTURE

The rise in unemployment has been accompanied by an increasingly serious problem: long-term unemployment. More than half of all those on the dole (53%) have been unemployed for more than a year, and their situation all too often looks fairly hopeless.

A third of the jobless have been looking for a job for more than two years, accounting for an even greater proportion of the total in the United Kingdom, Italy, Belgium, the Netherlands and France. In Italy the under-25s account for a majority of the long-term unemployed.

Length of unemployment (men and women) – April 1985 (% of total)



Percentage of all unemployed persons

April 1986	Women	Young people	Long-term unemployed ≥ 12 months[1]
EUR 12	46,9	40,9	52,1
B	62,2	31,8	68,2
DK	57,9	30,1	32,0
D	49,7	28,1	46,9
GR	54,0	42,6	43,4
E	36,2	47,0	56,3
F	54,0	37,5	43,8
IRL	33,8	38,5	62,2
I	56,2	59,5	63,6
L	48,7	45,0	36,8
NL	44,0	30,4	56,4
P	56,4	51,7	48,4
UK	40,4	34,9	48,7

[1]April 1985.

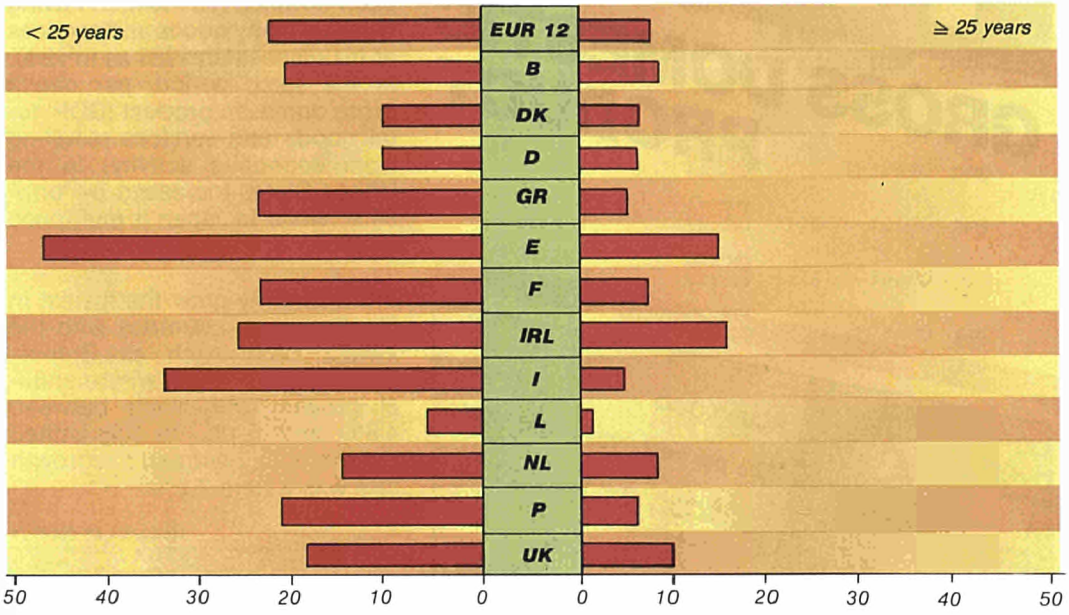
Unemployment does not affect the entire population in the same way, young people and women being the main blackspots.

Unemployment rates are particularly high among the under-25s, 23% of whom were on the dole in April 1986 on average in the Community. The corresponding figure for young women was even higher at 25%.

Women too are more affected by the unemployment problem than men. 13% of them were jobless in April 1986, compared with a male unemployment rate of 9.3%. 47 out of 100 jobless were women.

This situation varies widely from country to country, but the figures are lowest in Ireland (34% women in the dole queue) and Spain (36%), two countries where women tend not to appear on the job market in such large numbers.

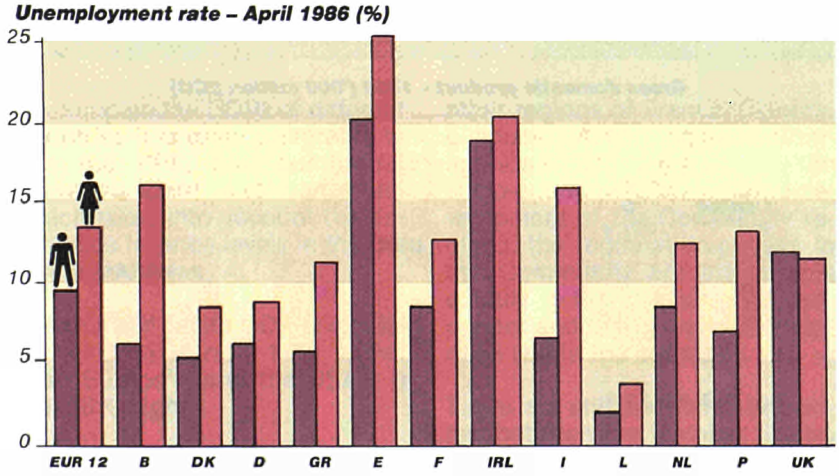
Unemployment rates for young persons and adults – April 1986 (%)



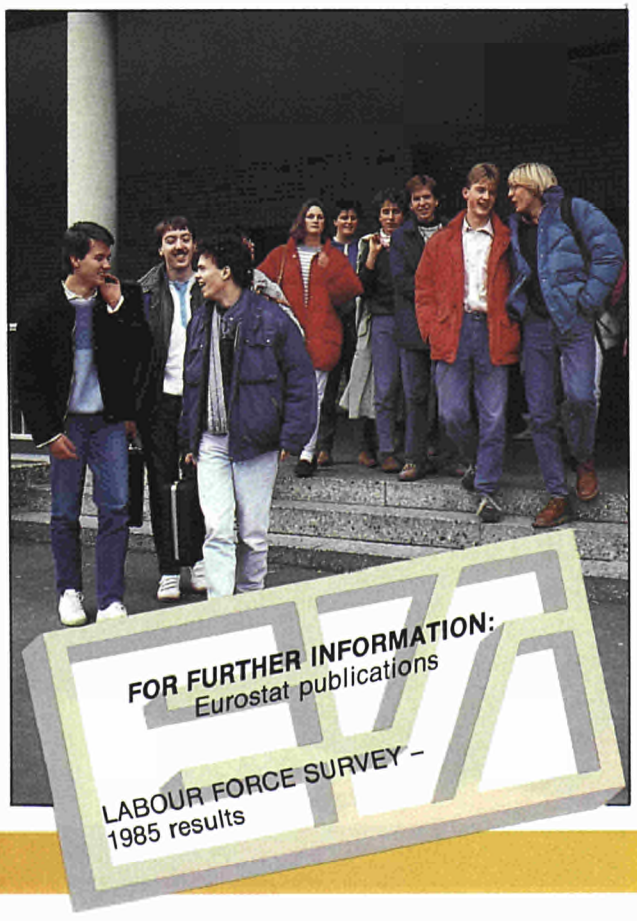
Unemployment rates for young persons (%)

	EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
1983	:	24,5	18,9	11,3	22,8	41,3	18,2	21,5	28,2	7,3	20,5	:	20,4
1984	23,5	26,3	15,0	11,0	23,9	46,3	24,1	24,1	32,4	5,5	20,7	19,9	19,0
1985	23,1	23,5	12,5	10,6	23,8	48,7	24,4	26,0	31,7	6,4	17,2	20,3	18,2
1986	22,6	20,3	9,7	10,0	23,2	47,5	23,0	26,9	33,5	5,2	14,9	21,6	17,8

Unemployment rate – April 1986 (%)



The European Community has focused its attention on the fight against unemployment and is trying to improve the labour market situation through, in particular, the European Social Fund and the European Regional Development Fund. These resources are given over largely to the training and recruitment of young unemployed persons, especially in the poorest regions.



FOR FURTHER INFORMATION:
Eurostat publications

LABOUR FORCE SURVEY – 1985 results

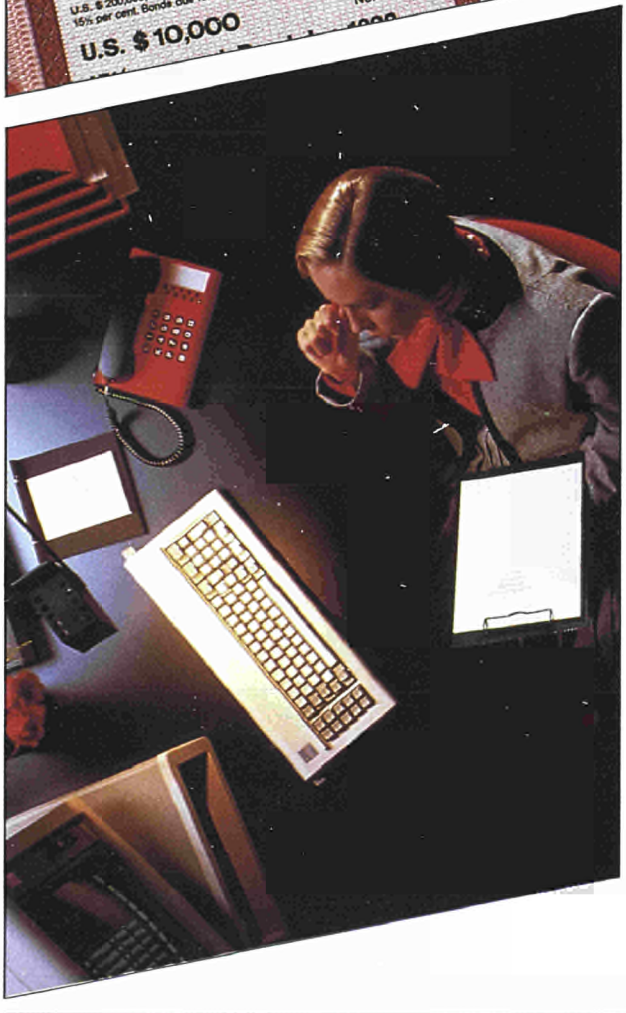
15 GROSS DOMESTIC PRODUCT

In the space of 25 years the European doubled his income, having twice as many goods and services at his disposal in 1985 as in 1960. In the same period, per capita gross domestic product (GDP: total goods and services resulting from economic activity) in the United States increased by 'only' 60%, while in Japan it multiplied by four.

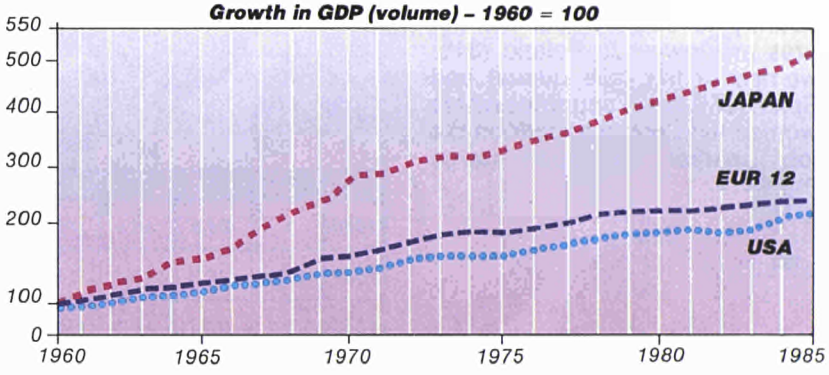
The economy grew the fastest in the European countries with the lowest GDP, such as Greece, Spain and Portugal, where annual growth rates were between 4.6% and 5.1%. In the United Kingdom, by contrast, the growth rate was a bare 2.2%.

Europe's total GDP stood at 3310000 million ECU in 1985. (The ECU is the European currency unit, based on market exchange rates.) However, at 5170000 million ECU, GDP in the United States was still much higher. Japan's total value of production, at 1750000 million ECU, on the other hand, was only half that of the European Community.

The five most densely populated Member States of the EEC (Federal Republic of Germany, United Kingdom, Italy, France and Spain) are together responsible for 87% of the Community's GDP.

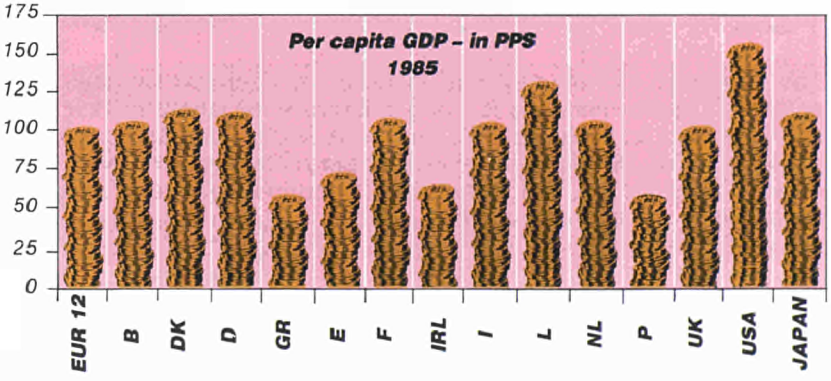


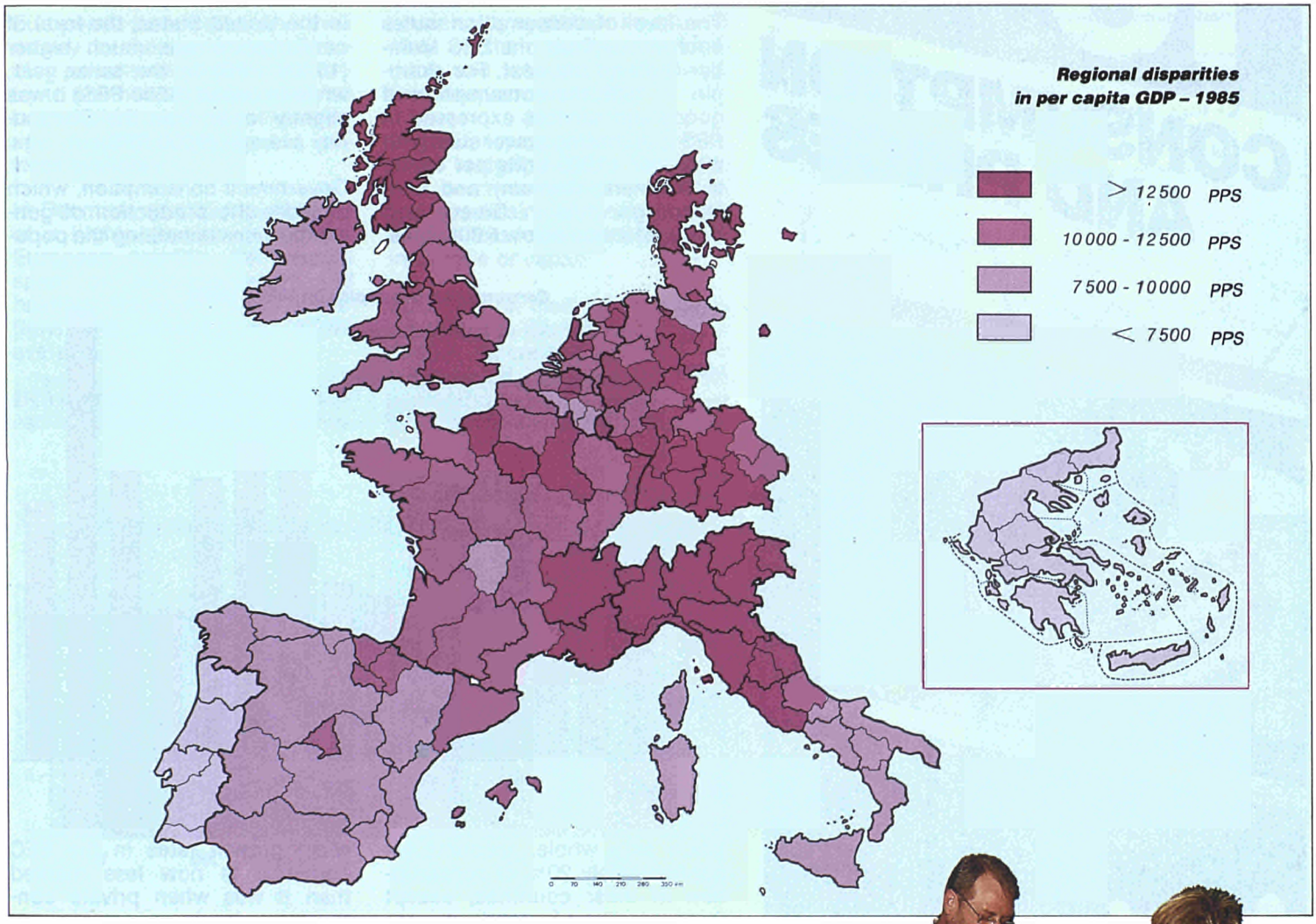
Growth in GDP (volume) – 1960 = 100



Gross domestic product – 1985 ('000 million ECU)

Total **EUR 12:** 3314





To compare the GDPs of different countries it is often preferable to use the PPS, the 'purchasing power standard', a reference unit which takes into account the differences in price levels in the different countries.

Japan's per capita GDP (expressed in PPS) is now 11% higher than Europe's, and the USA's is still 56% higher.

The disparities between regions of the Community are ever greater than those between Member States, since they reflect both the heterogeneity of the Member States and regional differences within the countries. Per capita GDP varies by a factor of about 2 between northern and southern Italy, north-east (Basque region, Rioja, Catalonia) and south-west Spain (Andalusia, Extramadura) or the Ile-de-France and certain other regions of France (Corsica, Limousin). According to the Commission's latest report on the socio-economic situation and development of the Community regions, the regional disparities in the Community are attributable equally to the international component and to the regional disparities within the countries.

There are still enormous disparities between the Member States. Per capita GDP (expressed in PPS) is above average in the most developed countries such as Luxembourg, Denmark and the Federal Republic of Germany (between 28 and 16%), while Ireland, Spain, Greece and Portugal are between 36 and 47% below average.

FOR FURTHER INFORMATION:
Eurostat publications

NATIONAL ACCOUNTS ESA – Aggregates
REGIONS – Statistical yearbook

16 CONSUMPTION AND PRICES

The level of consumption varies enormously from one EEC Member State to the next. For example, in 1985 the consumption of goods and services expressed in PPS (purchasing power standard) was over 11 000 units per capita in Denmark, Germany and Luxembourg, while in Greece and Portugal it was below 6 000 units.

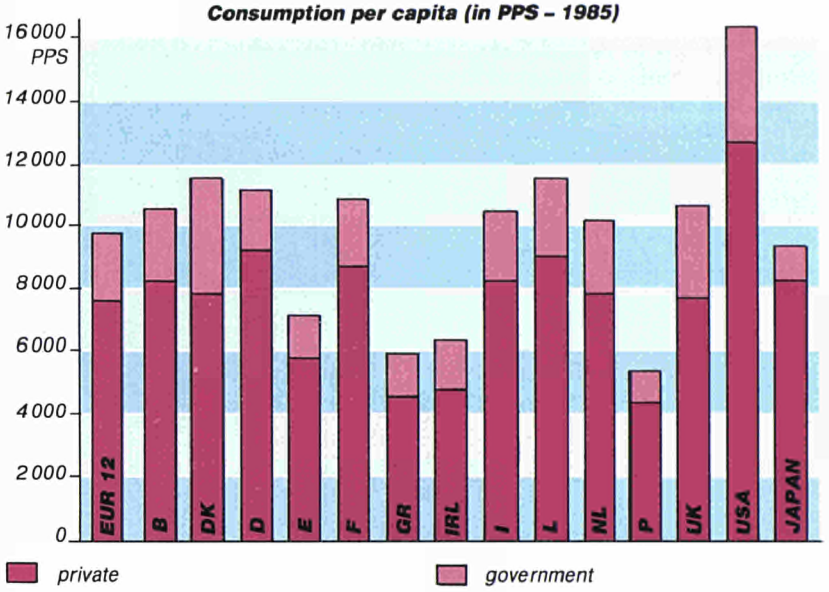
In the United States, the level of consumption was much higher (16 400 PPS) in the same year, while in Japan (9 500 PPS) it was slightly lower than the Community average (9 900 PPS).

Government consumption, which includes the production of general services benefiting the population as a whole, accounts for approximately 20% of consumption in most countries, except Denmark where it stands at more than 30%. In Japan, it is exceptionally low at under 15%.

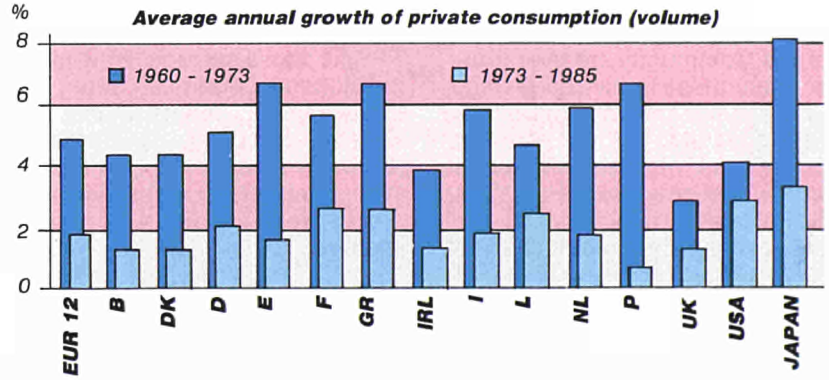
The growth in private consumption was held back by the first oil crisis of 1973, whose long-lasting repercussions were felt throughout the world. In the 1970s and 1980s, the growth rate fell to below half the level of the 1960s. On the other hand, the disparity between growth rates in the EEC countries is now less marked than it was when private consumption in the poorest countries, such as Spain, Portugal and Greece, was showing rapid growth (more than 6.5%).

The average growth rate of private consumption in the Community started to recover in 1982. Last year it caught up with the United States' growth rate and just overtook Japan's.

Consumption per capita (in PPS – 1985)



Average annual growth of private consumption (volume)



Europeans do not all spend their money in the same way. Spending patterns vary from one country to another, in the same way as household budgets and the average quantity of goods and services available.

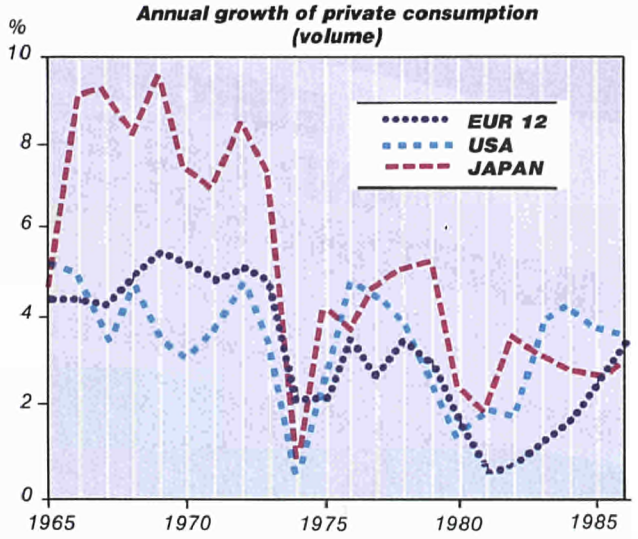
In Denmark, to take the example of a highly developed northern European country, the amount spent on accommodation and heating, transport, communications and recreation is above average.

By contrast, in Greece, the poorest southern European country, households spend an average of 43% of their budget on food, drink and tobacco, nearly twice the European average.

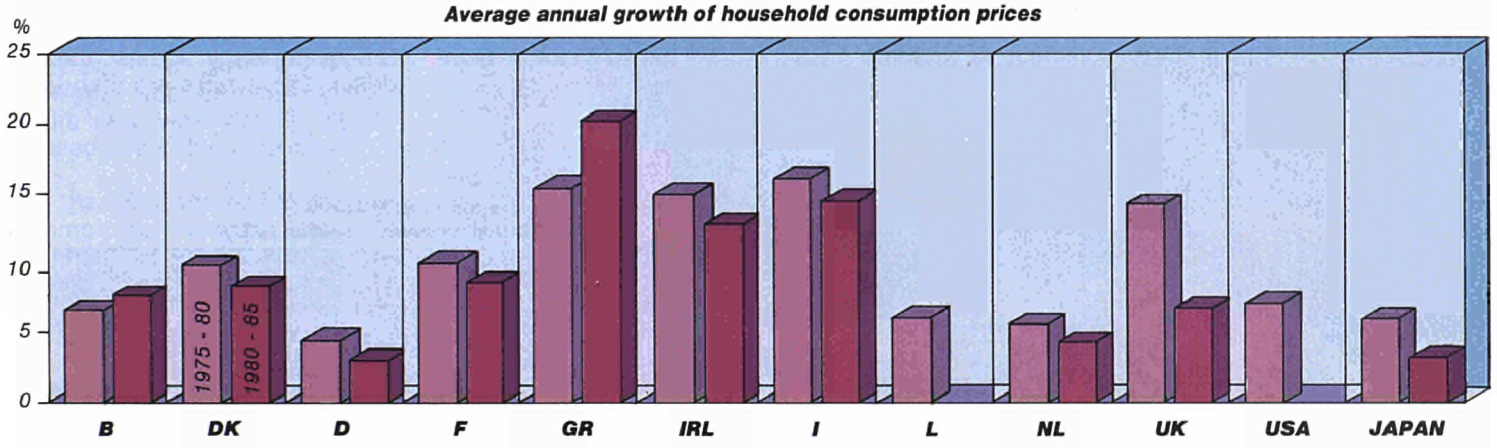
A greater proportion of Americans' budget is spent on transport, communications, recreation and medical care, while food holds a less important place than in Europe or Japan.

Spending on medical care varies according to the health system. In France, where this sector is not nationalized, more is spent on medical care than, for example, in Denmark or the United Kingdom.

Annual growth of private consumption (volume)



Average annual growth of household consumption prices



Consumption of foodstuffs and clothing is now only increasing slowly in most countries since the present level of spending is more or less sufficient to satisfy requirements. Only the average Greek household increased its spending on this sector by more than one third between 1970 and 1985.

Per capita household consumption for selected purposes (volume/PPS)

	Food, drink and tobacco		*Recreation*	
	1970	*1985*	*1970*	*1985*
EUR 11	*976*	*1162*	*257*	*441*
B	*940*	*1109*	*150*	*343*
DK	*1143*	*1293*	*314*	*531*
D	*826*	*1135*	*330*	*534*
E	*863*	*1108*	*200*	*279*
F	*1027*	*1205*	*202*	*397*
GR	*1004*	*1360*	*112*	*140*
IRL	*1227*	*1460*	*231*	*350*
I	—	*1413*	—	*455*
L	*1102*	*1202*	*152*	*221*
NL	*888*	*1050*	*292*	*550*
UK	*948*	*1011*	*280*	*522*
USA	*1129*	*1207*	*423*	*712*
JAPAN	*938*	*1127*	*276*	*485*

Consumption is growing faster, on the other hand, in transport, communications and recreation (nearly 75% between 1970 and 1985 in the Community), particularly in Belgium, France, the Netherlands and the United Kingdom.

As spending patterns shift, so too do the relative costs of goods and services. The increase in food and clothing prices is often less than the average price index, while rent, medical care, energy and fuel are rising more rapidly. These changes in relative prices influence spending patterns and vice versa.

FOR FURTHER INFORMATION:
Eurostat publications

EUROPE, THE UNITED STATES, JAPAN, 1970–86
MONTHLY CONSUMER PRICE INDEX

17

THE EUROPEAN AND THE ECU MONETARY SYSTEM

The European Monetary System (EMS), which was officially introduced on 13 March 1979, was set up by the Member States of the EEC to create a zone of monetary stability in Europe through the alignment of Member States' economic and financial policies.

The ECU (European currency unit) and the exchange rate intervention mechanism, designed to maintain parities, are the two main instruments of the EMS.

At present, the United Kingdom and Greece participate in the first part of the monetary agreement concerning the ECU, but their currencies are not subject to the EMS exchange rate mechanism. The accession of Spain and Portugal is still causing some technical problems.

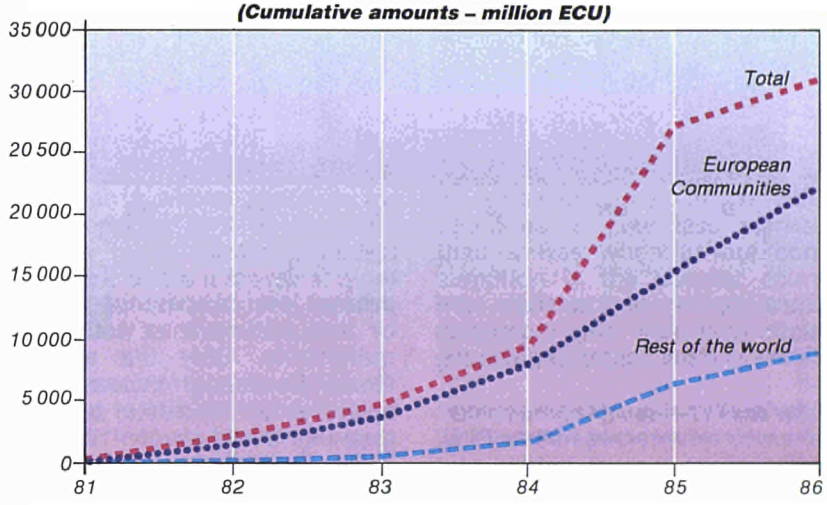
In the eight years of its existence, the EMS has undergone 11 monetary alignments, chiefly involving the revaluation of the Deutschmark and the guilder and devaluation of the other currencies. But in the long run the system has stood up well to the general fluctuation of the currencies and in September 1987 it was decided to expand it.

The ECU is the symbol of the EMS. It is made up of a 'basket' of ten EEC currencies, the amount of each currency reflecting its economic and financial strength.

The value of the ECU is calculated as follows: each day the central bank in each Member State gives a representative market rate for its currency against the US dollar. These rates are then used to calculate the dollar equivalent of the amounts of all the currencies in the basket. The sum of these equivalents gives the ECU value at that date expressed in dollars. All the other rates of exchange can then be calculated using this rate.

Europeans do not yet carry the ECU in their pockets, but private uses of the ECU are on the increase.

Issues of ECU bonds
(Cumulative amounts – million ECU)



The private sector – firms, commercial banks, households – is making increasing use of the ECU almost in the same way as any other currency.

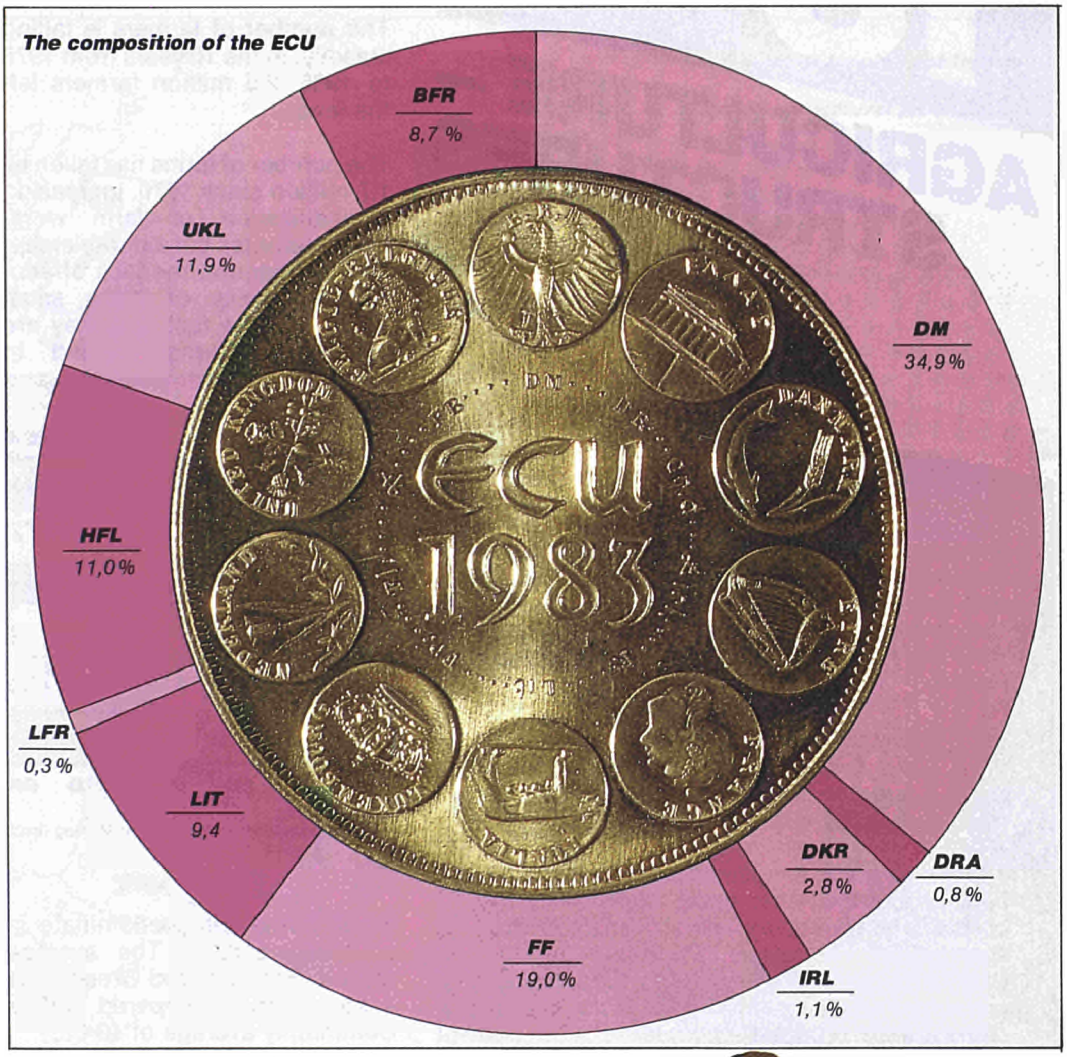
In a number of countries, particularly Belgium and Luxembourg, ECU accounts can be opened. ECU travellers' cheques can be used for holidays abroad, even outside the Community, and ECU loans can be obtained from the bank.

Companies and financial institutions are increasingly issuing bonds in ECU to buy capital, or are investing in ECU. The advantage of the ECU to financiers both within and outside Europe is its relative stability compared with most national currencies.

The ECU is still not as widely used in international transactions as other currencies which have been in circulation for a long time, but it is gaining ground. Growing appreciation of its merits may well lead to its increased use in the near future.

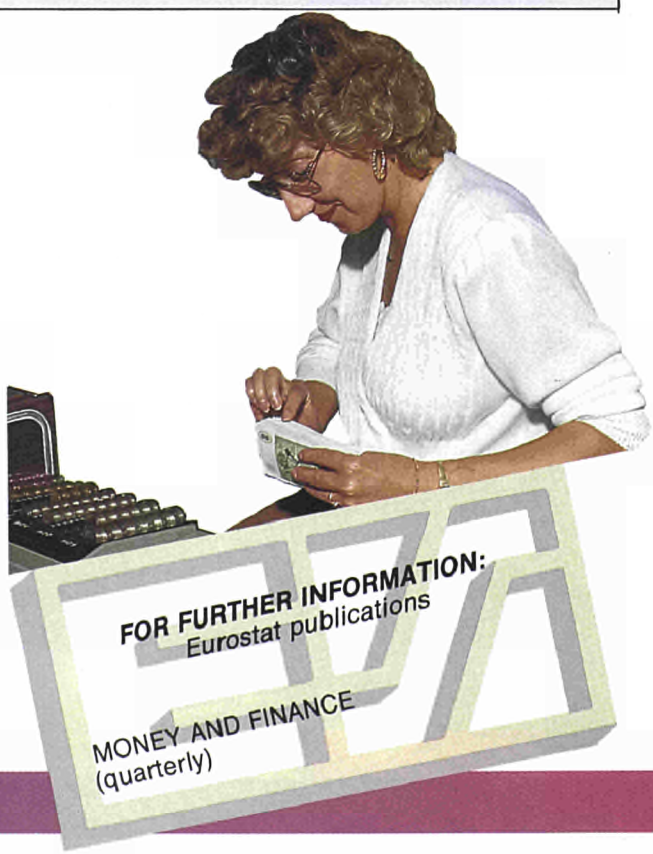
Will the ECU one day become a common currency for the EEC countries? It would offer a new facility for European companies and private individuals, who would benefit from its stability and no longer be obliged to change money at every border.

The composition of the ECU



Average annual rates of the ECU in the European currencies, the US dollar and the yen

	1983	1984	1985	1986
BFR/LFR	45,438	45,442	44,914	43,798
DKR	8,132	8,146	8,019	7,936
DM	2,271	2,238	2,226	2,128
DRA	78,088	88,340	105,739	137,425
PTA	127,503	126,569	129,165	137,456
FF	6,771	6,872	6,795	6,800
IRL	0,715	0,726	0,715	0,734
LIT	1349,924	1381,381	1447,987	1461,874
HFL	2,537	2,523	2.511	2,401
ESC	98,689	115,680	130,252	147,088
UKL	0,587	0,591	0,589	0,672
USD	0,890	0,789	0,763	0,984
Yen	211,354	187,089	180,559	164,997



18 AGRICULTURE — STRUCTURES

Improved productivity, fair living standards for farmers and farmworkers, stable markets and secure supplies at reasonable prices for the consumer: these are the objectives set by the Treaty of Rome in 1957 for European agriculture.

Thirty years later, it is fair to claim that they have been largely achieved. This does not mean, of course, that the agricultural policy is free from criticism.

Thanks to a spectacular increase in production, productivity and trade, supplies to the consumers are secure and more varied than ever before. The prices of agricultural products have increased less rapidly than average consumer prices on the whole. As for farm incomes, their progress has been erratic, and there have been wide disparities within the farming world.

Alas, there is the serious problem of persistent surpluses of certain commodities. These attract a great deal of attention in the media and tend to mask the real achievements. Reform is now under way to bring under control the excess production. This problem, however intractable, is one that must be solved.

Does all this amount to featherbedding the farmers? Support per farmer is a little stronger than in New Zealand, rather less generous than in the United States of America and Austria, and much weaker than in Switzerland, for example.

The number of farmers is falling steadily. In the 10 years from 1975 to 1985, 2.5 million farmers left the land.

The number of farms has fallen by 1.7 million since 1970. Increasing mechanization of farm work, which requires considerable capital expenditure, the lack of economic viability of many small farms and the fact that they are lagging somewhat behind in terms of improved income and living conditions have forced many small farmers to give up farming. The trend to concentration observed in the economy as a whole is also apparent in the agricultural sector. This situation has prompted the Community to give some thought to possible ways of combating this exodus from the land in the least-favoured regions. Generally speaking, this shift has resulted in an increase in the size of farms.

Number and area of farms – 1985

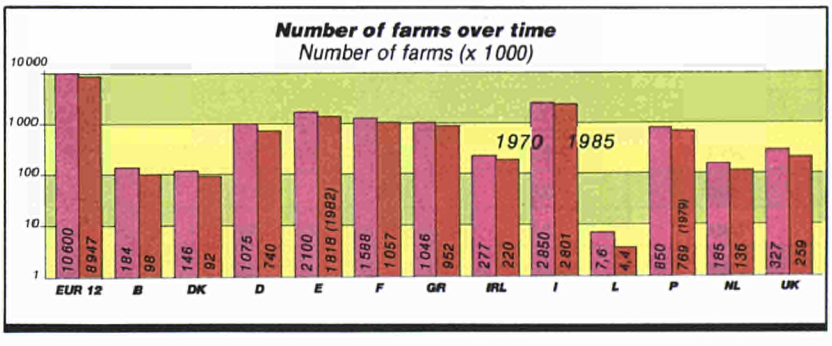
	EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
1 000 farms	8947	98	92	740	952	1818	1057	220	2801	4,4	136	769	259
Average AAU ha	13	14	31	16	4	13	27	23	6	28,6	15	4	65
Farm sizes (%)													
⩽ 2 ha	39	25	2	16	46	36	14	5	54	14,5	19	74	10
2 - <20 ha	45	52	44	56	52	52	41	56	41	37,7	54	24	34
⩾ 20 ha	16	24	54	28	2	12	45	39	5	52,8	27	2	56

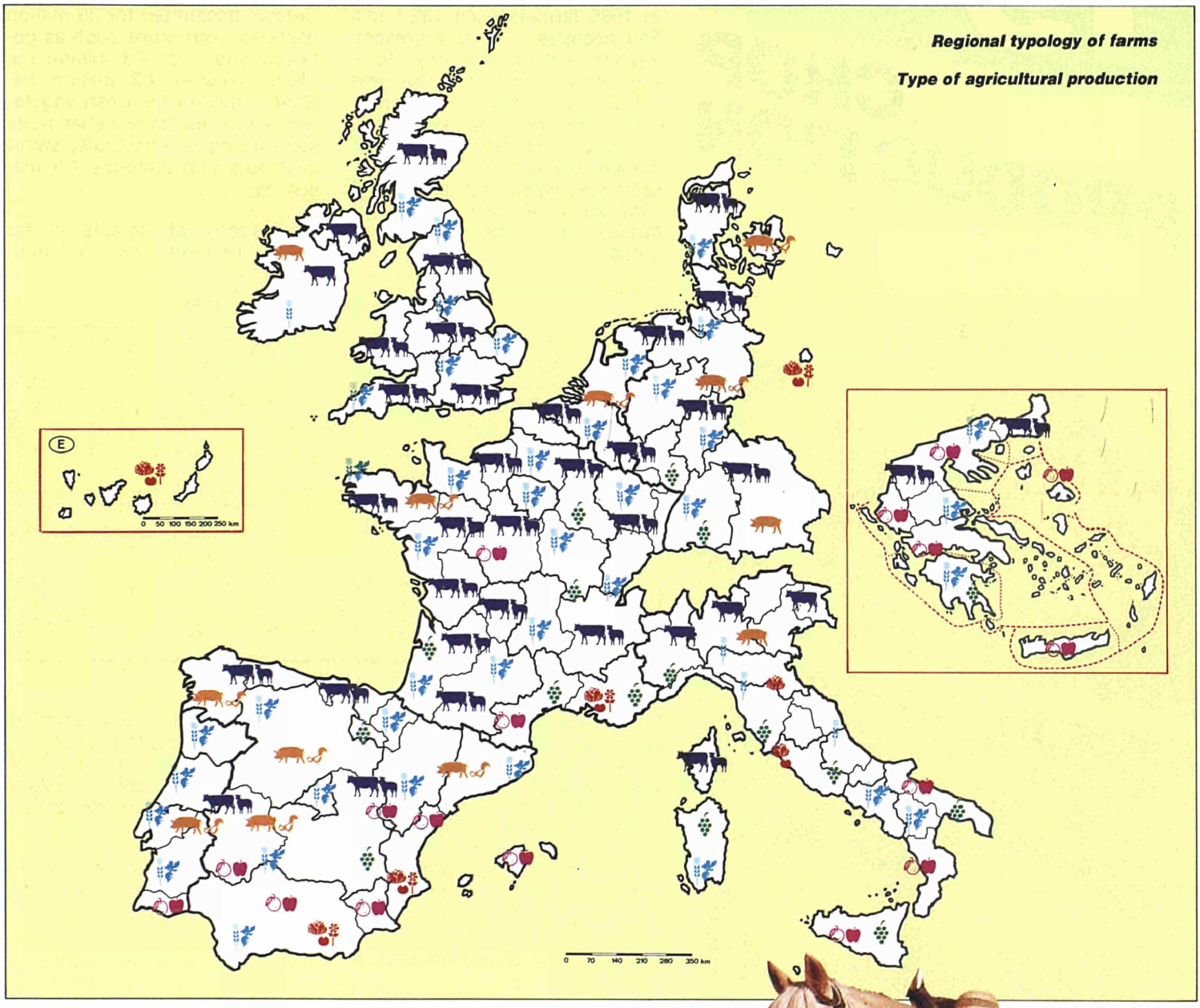
AAU = Agriculture area utilized for farming (excluding woodland, buildings, yards and other areas)

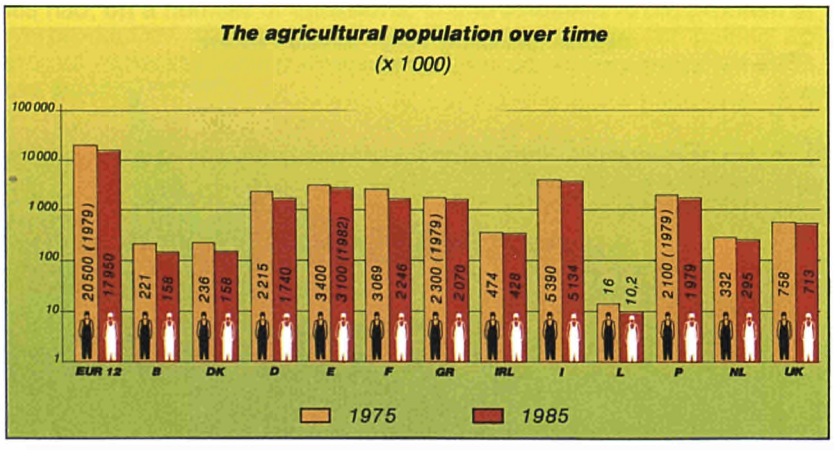
Small farms still predominate in southern Europe. The average farm in Portugal and Greece has 4 ha of land, compared with a Community average of 13 ha.

Europe's 18 million farmers work the land in totally different ways: crop farming, which is more labour-intensive, is prevalent in Italy, Spain and Portugal, whereas livestock farming tends to predominate in the northern countries. In the United Kingdom, four people are needed to work 100 hectares, whereas in Greece it takes 52 people to work the same area, compared with a Community average of 15.

Finally, the 18 million farmers in the EEC (5.1 million of them in Italy and 3.1 million in Spain) account for a mere 9.4 million AWUs, or 'Annual work units', defined as a person working full-time in agriculture in the year. This apparent discrepancy between the number of farmers and the number of AWUs reflects the fact that the great majority of farmers in Europe (something like 80%) work only part-time on their farms. Part-time farming is on the increase throughout Europe.







FOR FURTHER INFORMATION:
Eurostat publications

FARM STRUCTURE
(a) Methodology of Community surveys
(b) Main results of the 1983 survey
(c) Analysis of results of the 1983 survey
(d) Microfiche

19 CROP PRODUCTION

In 1985 farmers used 132.7 million hectares of land, representing 59% of the Community's territory. More than half of this area (51%) was under annual crops (i.e. crops which can be rotated from year to year), 9% under permanent crops (e.g. fruit and citrus trees, vines and olives) and 40% was given over to the production of grass and animal fodder.

Cereals accounted for 35 million hectares, root crops such as potatoes and beet 4.3 million ha, olives likewise 4.3 million ha, vines 4 million ha, fresh vegetables 1.7 million ha and shell fruits such as horse chestnuts, sweet chestnuts and almonds 1.3 million ha.

Productions of cereals is far above requirements. Although still in deficit until the 1979-80 farm year (a farm year being the 12 months beginning in July), production of cereals (excluding rice) increased steadily, with two major peaks since 1983-84. With production at 100 million tonnes in 1975-76, the Community was not able to meet its own needs, but with production totalling 151 million tonnes in 1984-85 the surplus stood at 32 million tonnes.

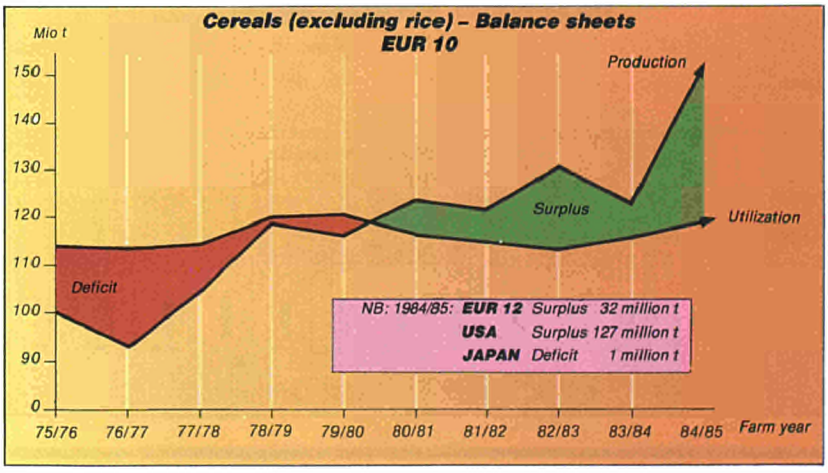
Human and animal consumption, along with industrial uses, accounted for 114 million tonnes in 1975 and were only 5 million tonnes higher (119 million) in 1985.

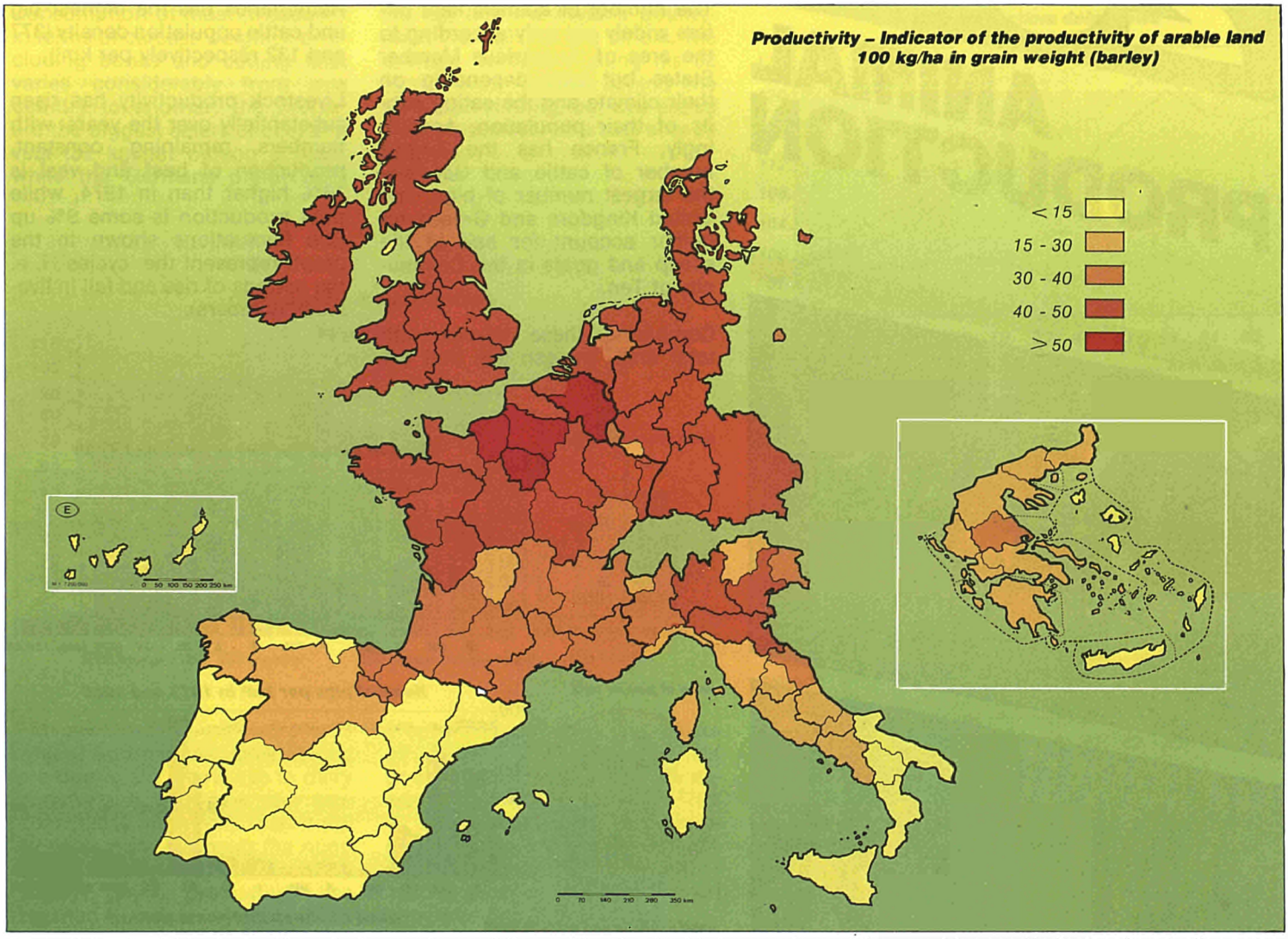
The Community is becoming a world supplier of cereals along with the USA, Canada and Argentina.

Utilization of agricultural land – 1985

AAU 1000 ha		EUR 12 132700	B 1419	DK 2834	D 1220	GR 9234	E 27310	F 31450	IRL 5713	I 17520	L 128	NL 2023	P 4379	UK 18644
% of surface area		59	46	66	48	70	54	57	81	58	49	54	48	76
% of AAU	Arable	51	52	92	60	32	57	56	19	52	43	42	66	38
	Permanent grassland	40	45	8	38	57	24	39	80	28	55	55	17	62
	Orchards, vineyards, olive groves	9	3	0	2	11	19	5	1	20	2	3	17	0

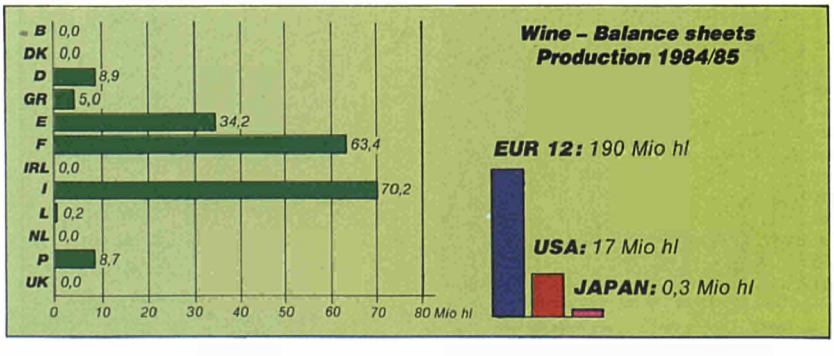
AAU = agricultural area utilized for farming (excluding woodland, buildings, yards and other areas)

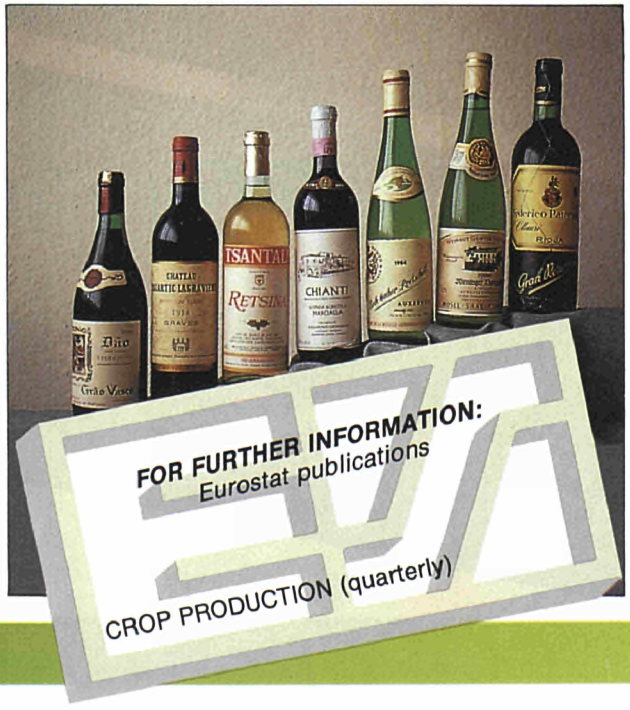




Productivity: the yields obtained in agriculture under carefully considered and guided economic conditions provide a good indicator of production potential. They reflect the nature and quality of the soil, the local climate and the scope for cultivatable varieties bound by the economic constraints of the region.

190 million hectolitres of wine, equivalent to 45% of world production, were bottled or otherwise put in store in the Community in 1985. The people of Europe got through 134 million hectolitres of wine in 1976, but could manage only 115 million in 1985. As a result, the Community has had, on a number of occasions, to find solutions to the problem of overproduction of ordinary wines, offering incentives for pulling up and not replacing certain vineyards and for distillation (transformation into alcohol).



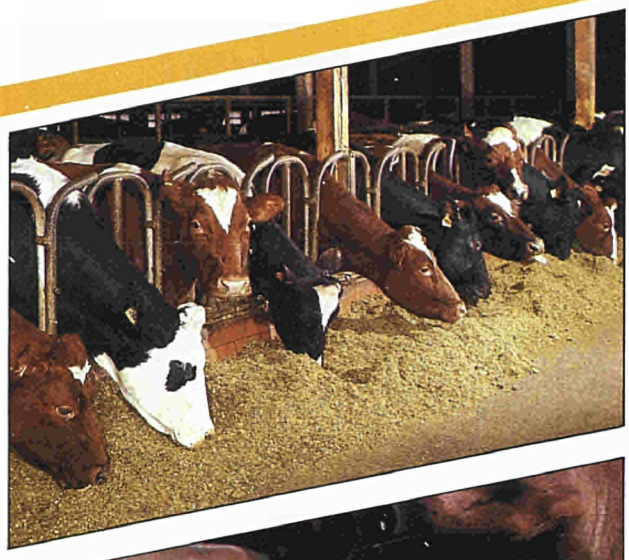


20 ANIMAL PRODUCTION

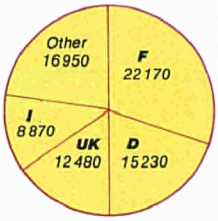
The number of animals kept differs widely not only according to the area of the various Member States but also depending on their climate and the eating habits of their population. Accordingly, France has the largest number of cattle and Germany the largest number of pigs. The United Kingdom and Greece together account for half of the sheep and goats in the Community of Ten.

Comparing these figures with total area, we can see that the Netherlands has the highest pig and cattle population density (377 and 132 respectively per km²).

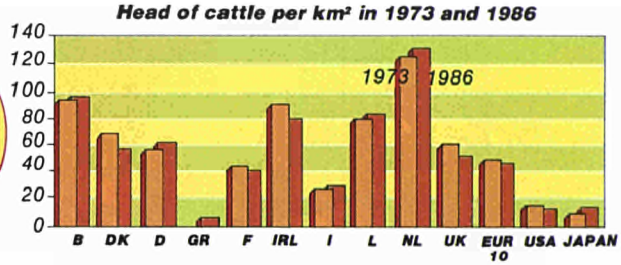
Livestock productivity has risen substantially over the years: with numbers remaining constant, production of beef and veal is 19% higher than in 1974, while pork production is some 9% up (the fluctuations shown in the graph represent the 'cycles', i. e. the periods of rise and fall in livestock numbers).



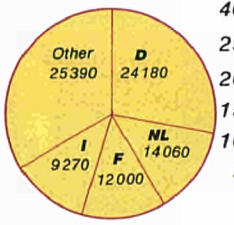
Head of cattle in 1985



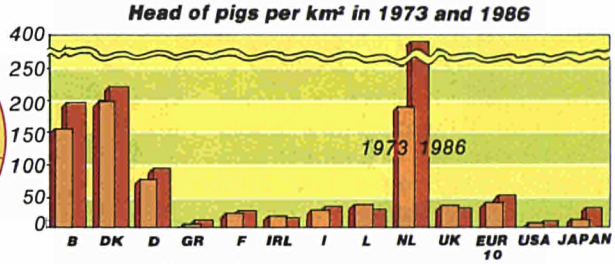
Head of cattle per km² in 1973 and 1986



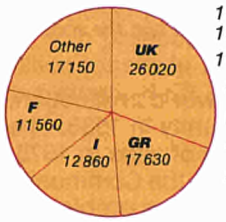
Head of pigs in 1985



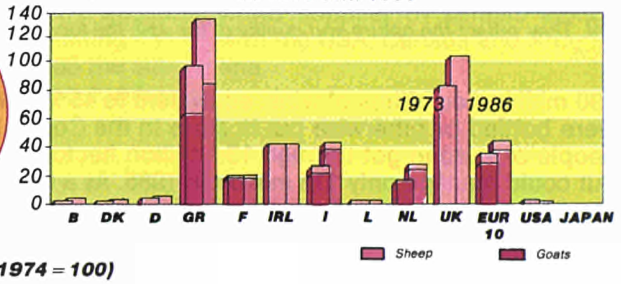
Head of pigs per km² in 1973 and 1986



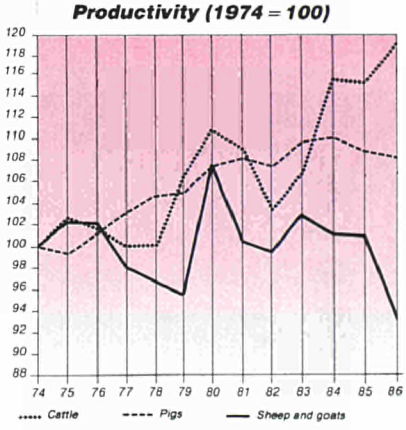
Head of sheep and goats in 1985



Head of sheep and goats per km² in 1973 and 1986

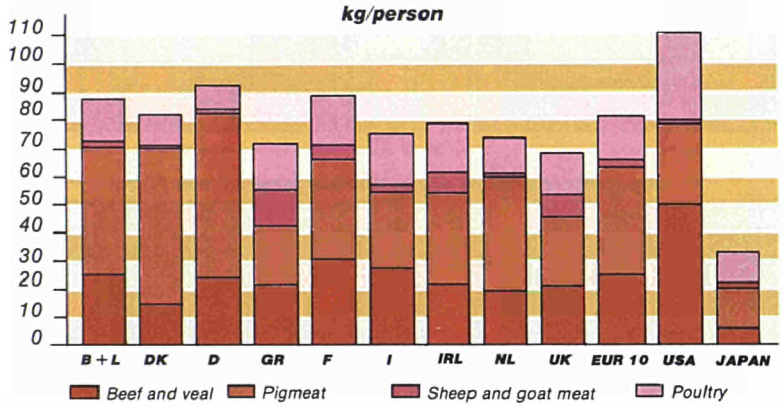


Productivity (1974 = 100)

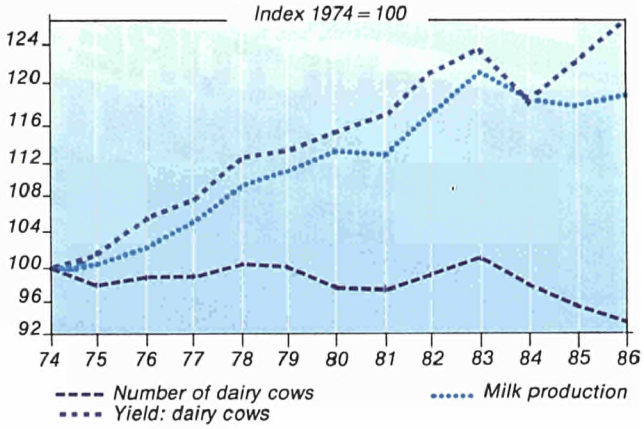


Consumption of meat (measured in terms of carcass weight, i. e. including bones and cutting fats) varies considerably from one country to another: the French are the biggest eaters of beef and veal (32 kg per person a year), while the Germans prefer pork (60 kg) and the Italians poultry-meat (18 kg). On the whole, the average European eating his 82 kg of meat is well behind the American (110 kg) but way ahead of the Japanese, who eats only 33 kg a year.

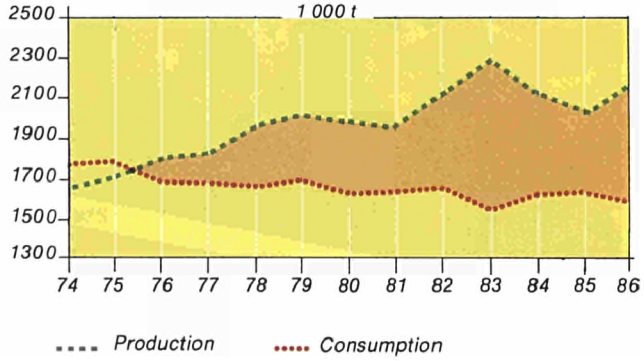
Consumption of meat in 1985



Milk production: dairy cows

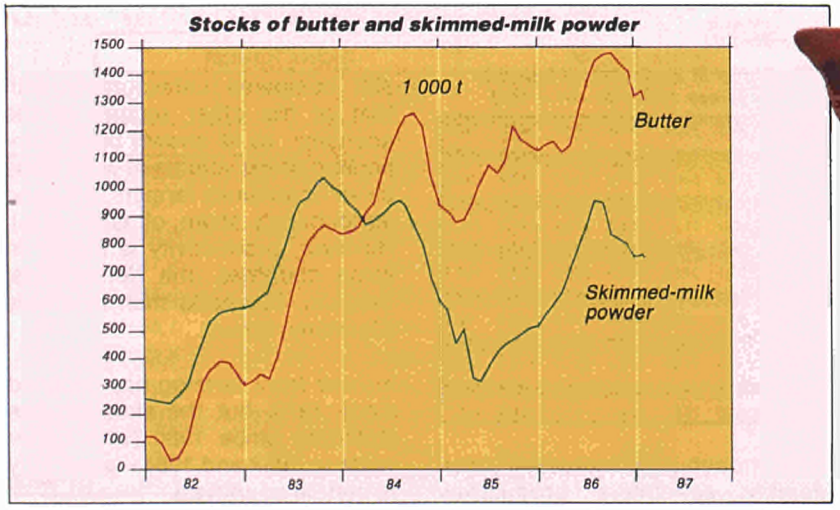


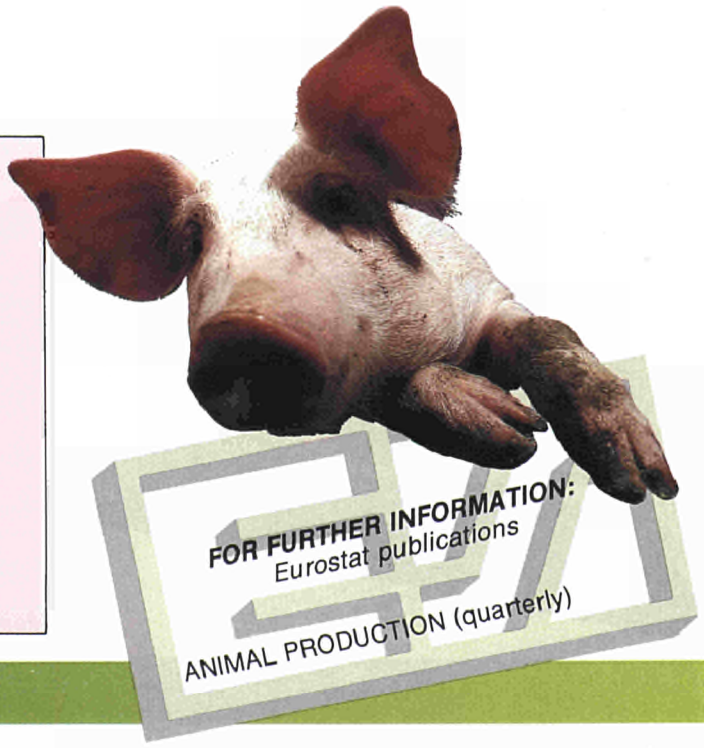
Production and consumption of butter



The problems of milk surpluses which Europe has experienced are due to the sharp rise in dairy cows' yield: each cow now produces 26% more milk than it did 12 years ago. Although the number of dairy cows has fallen slightly, milk production has reached record levels. The graphs on production and stocks of butter and skimmed-milk powder show why it was necessary to limit milk production. That is the reason why production quotas were introduced in 1984 and then stepped up at the end of 1986 in order to bring production back into line with demand.

Stocks of butter and skimmed-milk powder





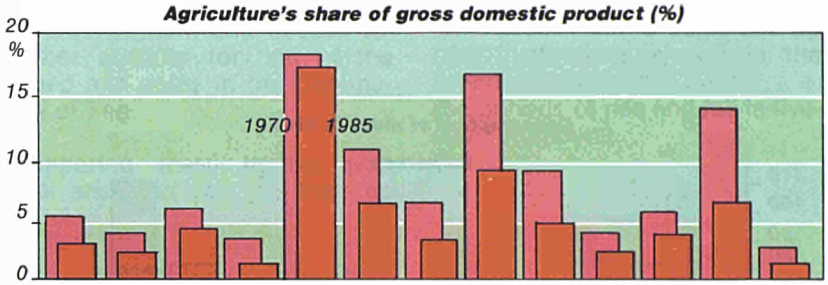
21

AGRICULTURE – ACCOUNTS AND PRICES

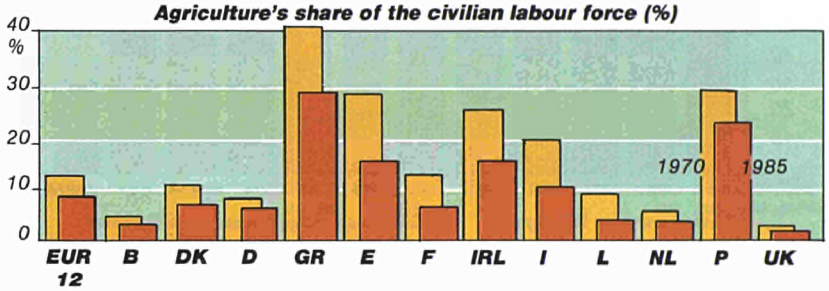
Agriculture's share of GDP (gross domestic product) is still falling in all the industrialized countries. It accounted for only a little more than 3% in the whole of the Community in 1985, compared with 5.6% in 1970.

The percentage share varies greatly, though, from one country to another, being below the Community average in Germany and the United Kingdom but still significant in Greece.

Agriculture's share of gross domestic product (%)



Agriculture's share of the civilian labour force (%)



There is another major difference between southern and northern Europe. In the south, more than 60% of all agricultural production is arable, compared with a predominance of animal production in the north, peaking at 88% in Ireland and 84% in Luxembourg.

The volume of work done by farmers accounts for 8% of total employment in the Community, once again with major differences from country to country. Employment in agriculture is low in Belgium and the United Kingdom but higher in Portugal and Greece.

Final production of agriculture in 1985

		EUR 12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Crop production	%	45,9	32,2	31,6	32,6	69,2	58,6	49,5	11,8	58,9	16,5	34,1	55,0	37,7
Animal production	%	54,1	67,8	68,4	67,4	30,8	41,4	50,5	88,2	41,1	83,5	65,9	45,0	62,3
Values in '000 million ECU		180,1	5,3	6,7	26,9	7,8	19,5	41,1	3,8	33,0	0,?	13,6	2,8	19,4

Trend in agricultural income
(Average 1979 – 80 – 81 = 100)

	1973	1982	1983	1984	1985	1986
B	116,2	113,5	123,3	118,1	114,9	108,7
DK	111,6	130,2	111,8	149,8	139,9	134.6
D	128,8	117,9	95,7	111,8	97,9	106,4
GR	80,1	112,8	101,4	113,9	116,3	114,6
E	:	105,7	109,4	125,7	126,0	120,2
F	131,1	112,1	104,3	106,8	103,0	104,1
IRL	108,1	105,0	109,0	126,0	117,3	108,7
I	91,1	96,8	101,6	96,8	94,0	92,8
L	108,9	138,8	118,7	118,5	118,5	113,7
NL	112,0	118,6	116,4	121,7	114,8	116,7
UK	129,4	111,8	101,9	120,4	99,4	103,4
EUR 11	112,0	108,9	104,4	111,3	105,6	105.7

Even though it has increased considerably, agricultural productivity still compares unfavourably with that of the other sectors of the economy, as is shown by a comparison of the volume of work done by all Community farmers (8%) and agriculture's share of GDP (3%). However, productivity is higher in some countries (the Netherlands, Belgium, Denmark) than in others (Germany, Spain).

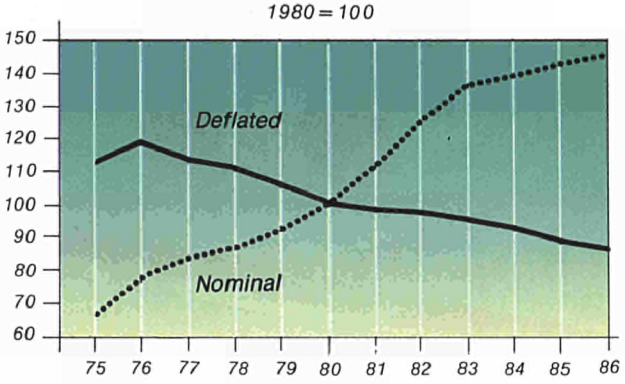
Income from farming has declined since 1973, but the situation has stabilized since 1980 (with better years in 1982 and 1984 – especially in certain countries).

There is intense pressure on prices in agriculture. The table and graph alongside show how prices of agricultural products have changed between 1975 and 1986.

Nominal prices have increased over the period in all the countries of Europe of the Ten, rates being highest in Greece (+ 547%), followed by Italy (+ 231%), and lowest in the FR of Germany (+ 4.5%), giving a Community average of + 117%.

Deflated price indices (i.e. figures adjusted to take account of inflation) show that in fact producer prices have fallen by almost 25% over 11 years. All countries have been affected, although the rates vary from – 34% in Ireland, – 30% in the United Kingdom and – 29% in Denmark to – 3.5% in Greece.

Changes in the EC index of producer prices for agricultural products (EUR 10) in nominal and deflated terms



	Nominal indices			Deflated indices		
	1975	1986	1986/1975	1975	1986	1986/1975
	1980 = 100		%	1980 = 100		%
B	89,9	126,9	+ 38,9	122,3	87,8	– 28,2
DK	72,0	126,8	+ 76,1	118,0	83,6	– 29,2
D	93,1	97,3	+ 4,5	113,5	80,7	– 28,9
GR	44,3	286,7	+ 547,2	94,2	90,9	– 3,5
F	68,9	143,2	+ 107,8	113,3	88,3	– 22,1
IRL	57,5	135,2	+ 135,1	111,0	73,0	– 34,2
I	49,9	168,6	+ 237,9	107,7	83,7	– 22,3
L	87,7	138,6	+ 58,0	117,7	97,8	– 16,9
NL	90,1	107,0	+ 18,8	121,5	87,2	– 28,2
UK	62,9	125,7	+ 99,8	123,1	85,9	– 30,2
EUR 10	67,1	145,9	+ 117,4	112,8	85,1	– 24,6

In real terms (i.e. adjusted to take account of inflation), purchase prices of goods and services for current consumption fell by around 20% in the Community (EUR 10) over the same period; allowing for the 25% fall in producer prices in real terms, the terms of trade have thus worsened for agriculture during the last 11 years.

Between 1975 and 1986, purchase prices of capital goods in the Community (EUR 10) went up by around 191% in nominal terms and 4.4% in real terms.

As well as producer prices of agricultural products, purchase prices of the means of production play a decisive part in the growth of farmers' income.

A distinction must be made between goods and services for current consumption (roughly 80% of purchases) and capital goods (about 20%).

The table below shows trends in the prices of goods and services for current consumption in agriculture. Purchase prices showed a nominal increase of 109% in the Community as a whole (EUR 10) between 1975 and 1986, the rates of increase ranging from + 34% in the Netherlands to + 483% in Greece.

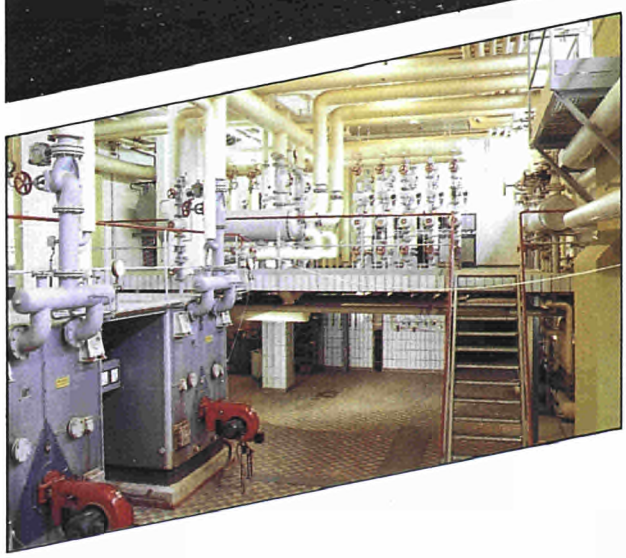
EC indices of purchase prices of goods and services for current consumption in agriculture

	Nominal indices			Deflated indices		
	1975	1986	1986/1975	1975	1986	1986/1975
	1980 = 100		%	1980 = 100		%
B	80,3	129,0	+ 60,6	109,3	90,6	– 17,1
DK	69,7	134,4	+ 92,8	114,3	88,6	– 22,5
D	83,6	106,2	+ 27,0	102,0	88,0	– 13,7
GR	47,9	279,3	+ 483,1	101,8	88,5	– 13,1
F	65,6	150,1	+ 128,8	108,0	92,6	– 14,3
IRL	55,1	140,5	+ 155,0	106,3	75,8	– 28,7
I	53,6	161,4	+ 201,1	115,6	80,1	– 30,7
L	79,4	132,0	+ 66,2	106,6	93,1	– 12,7
NL	78,6	105,1	+ 33,7	106,1	85,7	– 19,3
UK	59,7	131,3	+ 140,0	107,1	89,7	– 16,2
EUR 10	66,5	138,9	+ 108,9	107,9	87,6	– 18,8

FOR FURTHER INFORMATION:
Eurostat publications

ECONOMIC ACCOUNTS: Agriculture and forestry 1980-85
AGRICULTURAL INCOME 1986: Analysis of the sectoral income index
EC AGRICULTURAL PRICE INDICES (six-monthly)

22 ENERGY



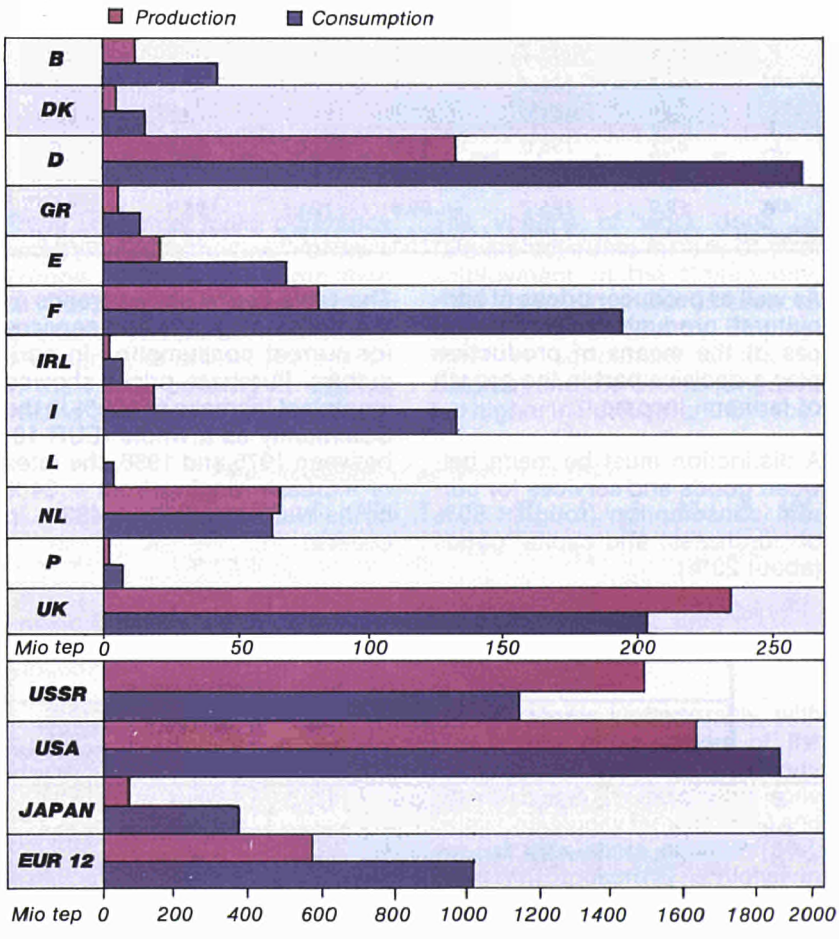
The Community produces more than half the energy it consumes but is still heavily dependent on imports: 43%. The United States imports only 12% of its requirement and Japan, by contrast, as much as 82%. At the other end of the scale, the USSR produces 21% more energy than it needs.

The United Kingdom has an energy surplus (+15%), thanks to oil production, as does the Netherlands, which produces natural gas (+6%). Luxembourg, Portugal, Italy and Denmark are the biggest importers (between 99 and 81%).

Since 1973, when the first oil crisis quadrupled crude oil prices, the EEC has made efforts on two fronts to reduce energy imports, which then stood at more than 60% of its requirement.

The growth in energy consumption was curbed voluntarily by a drive to save energy (and of necessity by the recession), so that between 1973 and 1985 primary energy consumption rose by only about 4% throughout the EEC, from 980 million toe (tonnes of oil equivalent) to 1020 million. Consumption in several countries, such as Luxembourg, the United Kingdom, Belgium and Denmark, fell (by between 40 and 5%), while the Netherlands consumed as much in 1985 as in 1973 (61 million toe).

Primary energy production and consumption – 1985



Between 1973 and 1985, primary energy production rose by over 62%, from 360 million to 580 million toe, although the increase was not evenly distributed throughout the Community. France increased production by 135%, Belgium by 132% and Spain by 118%, chiefly through the development of nuclear power. North Sea oil was responsible for the United Kingdom's increase of

110%. Greece, Denmark and Ireland also stepped up production considerably.

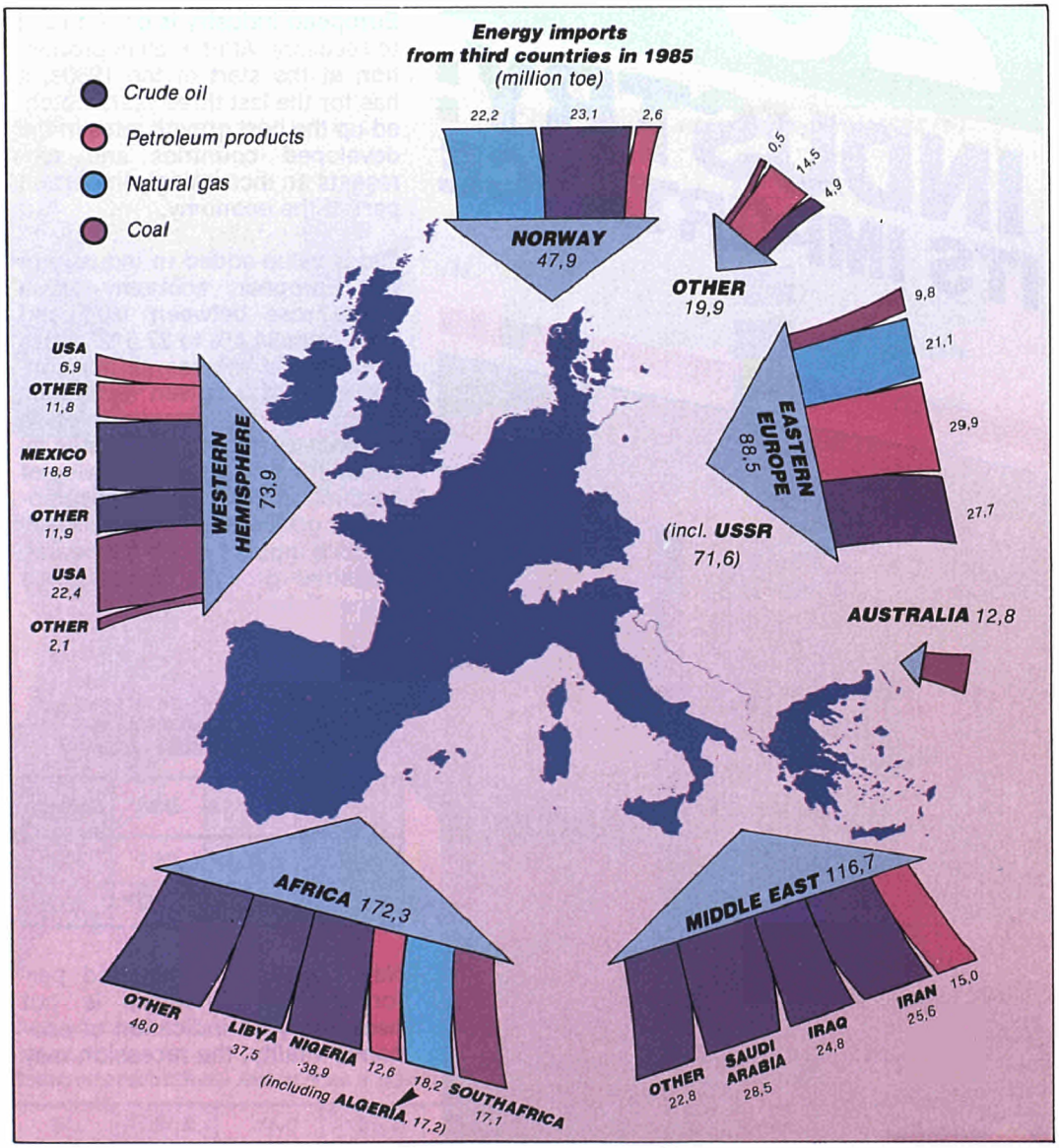
There are five sources of primary energy production (see pie chart): oil, coal, natural gas, nuclear energy and hydroelectricity.

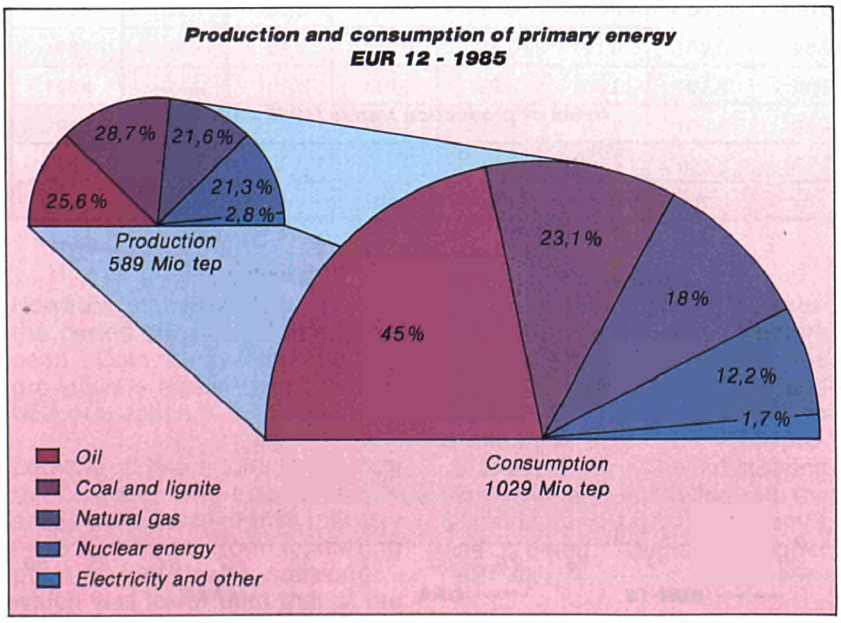
The consumer does not normally use primary energy in the form in which it is produced: in 1985, approximately 77% was converted prior to use.

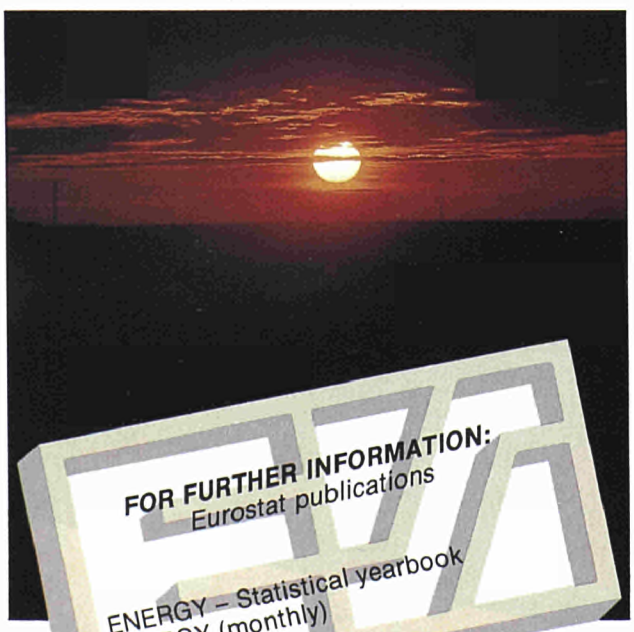
The conversion of primary energy always means a greater or lesser degree of energy loss. For example, a given quantity of heat generates only one-third the amount of electricity in a nuclear power plant that it would generate in an oil- or coal-fired power station.

Oil is still the EEC's main source of primary energy (45%). Nuclear power is particularly important in France, where it provides 70% of electricity.

In 1985, the biggest energy consumer was the household and tertiary sector (see pie chart), where there was no reduction on the 1973 level. Industry's share fell sharply, from 35% in 1973 to 29% in 1985. Transport, on the other hand, took a bigger slice, consumption in this sector rising from 18 to nearly 25%.





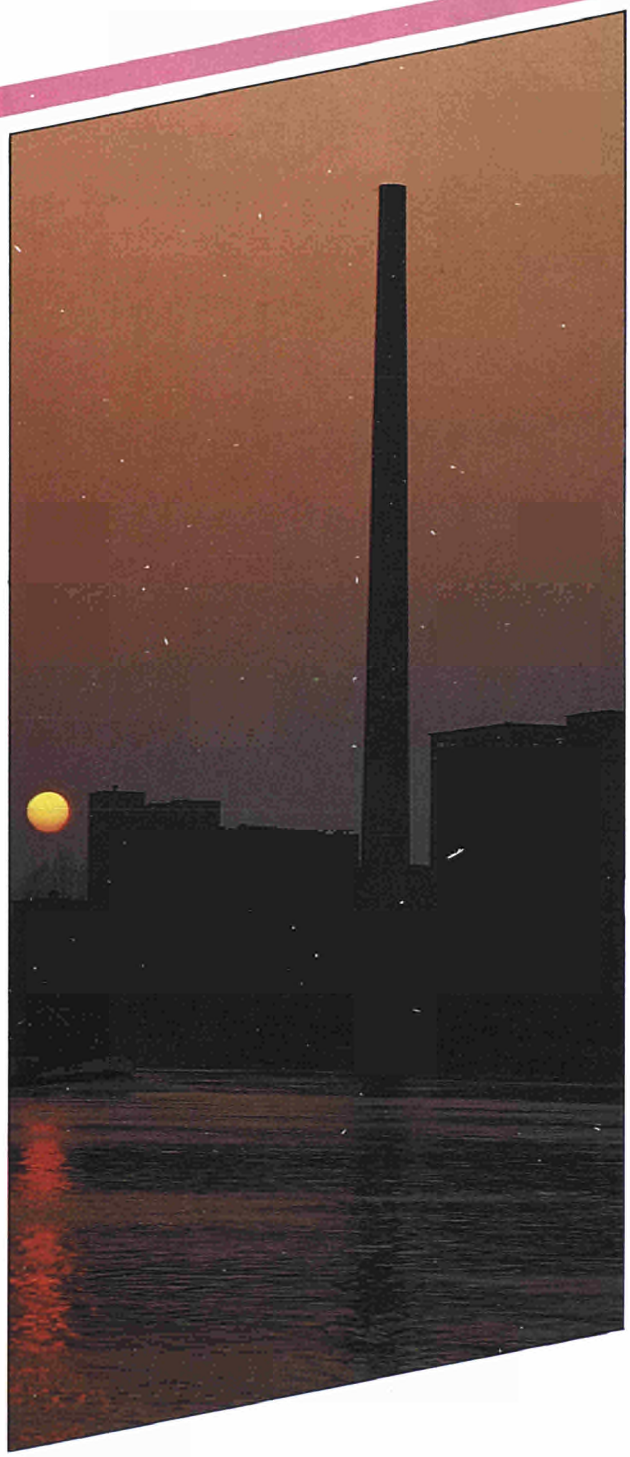


FOR FURTHER INFORMATION:
Eurostat publications

ENERGY – Statistical yearbook
ENERGY (monthly)

(in %) (in million toe)

23 INDUSTRY: ITS IMPORTANCE



European industry is on the road to recovery. After a fall in production at the start of the 1980s, it has for the last three years notched up the best growth rates in the developed countries and represents an increasingly important part of the economy.

Gross value-added in industry in the European economy as a whole rose between 1975 and 1985 from 34.4% to 37.5%. Gross value-added represents the contribution of a given economic sector to the creation of a nation's wealth. It is calculated by subtracting from the final value of production the value of consumption of goods, services (the 'intermediate inputs') and fixed capital. Industrial growth in Japan was higher than in the EEC.

Industry's contribution to gross value-added – (%)

	EUR 12	USA	JAPAN
1975	34,4	28,1	31,6
1985	37,5	31,4	40,2

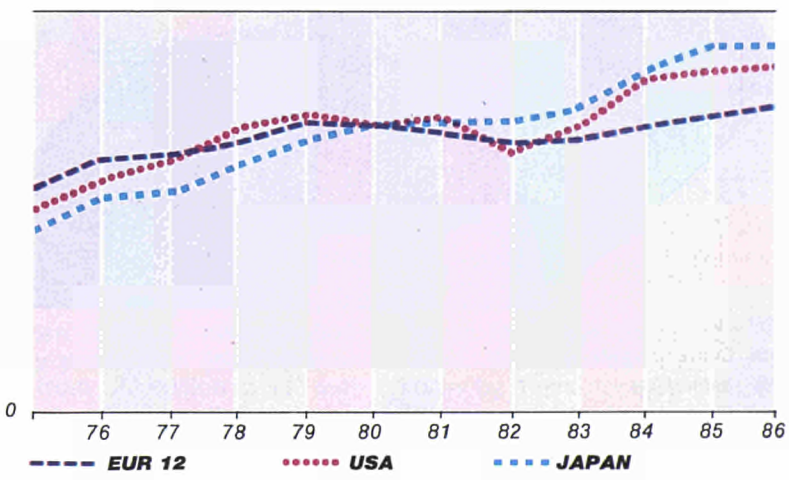
Nevertheless, an improved performance by industry is not necessarily an indication of economic vitality; the recession may simply have bitten less in industry than in the other sectors of the economy.

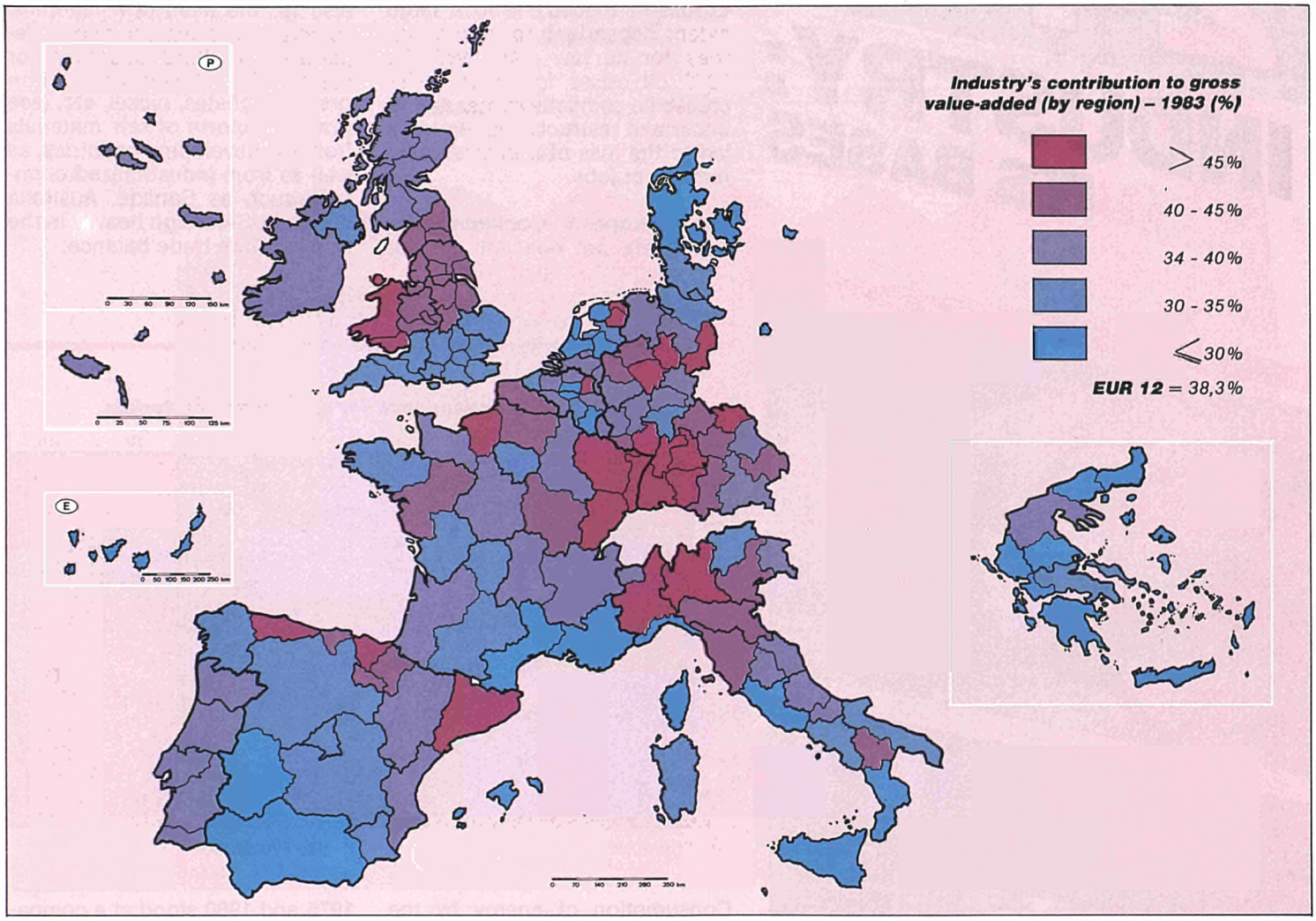
Calculated by country and by region, industry's share in the whole of the economy makes it possible to circumscribe the high-industry regions (see map) and to obtain regional policy guidelines.

These figures are, however, still insufficient to determine the economic vitality of a region. This can only be done by considering the growth rates for the various industries. These rates are high in the case of the electronics and pharmaceutical sectors, for example, and low or negative in the coal, steel and textiles sectors.

A more reliable pointer to the industrial health of a nation is the trend of the production index. By comparing the trends of the European, American and Japanese indices (using a base of 1980 = 100), it can be seen that the Community and the USA were hit harder than Japan by the second oil crisis with industrial production in 1982 below the 1979 level. In Japan, industrial production increased steadily and in 1986 was 67% up on that for 1975. The equivalent rate for the USA was 47%, but only 24% for the European Community.

Index of production trends (1980 = 100)





Index of production – Industry as a whole (without building)

1975	*84,8*	*87,3*	*85,2*	*84,2*	*77,5*	*86,6*	*85,2*	*73,9*	*78,2*	*93,0*	*89,0*	*70,8*	*92,5*
1980	*100,0*	*100,0*	*100,0*	*100,0*	*100,0*	*100,0*	*100,0*	*100,0*	*100,0*	*100,0*	*100,0*	*100,0*	*100,0*
1983	*97,8*	*99,1*	*106,0*	*95,9*	*101,9*	*100,5*	*98,2*	*111,4*	*92,5*	*100,3*	*97,1*	*106,8*	*101,9*
1984	*99,9*	*101,6*	*116,3*	*98,8*	*103,5*	*101,4*	*98,6*	*125,3*	*95,6*	*113,6*	*101,4*	*106,7*	*103,2*
1985	*103,3*	*104,1*	*121,2*	*104,4*	*107,0*	*103,6*	*99,4*	*128,1*	*96,9*	*121,4*	*104,8*	*118,3*	*108,1*
1986	*105,3*	*105,8*	*126,0*	*106,6*	*107,3*	*106,6*	*100,1*	*131,6*	*100,0*	*125,4*	*105,8*	*123,4*	*109,7*
	EUR 12	***B***	***DK***	***D***	***GR***	***E***	***F***	***IRL***	***I***	***L***	***NL***	***P***	***UK***

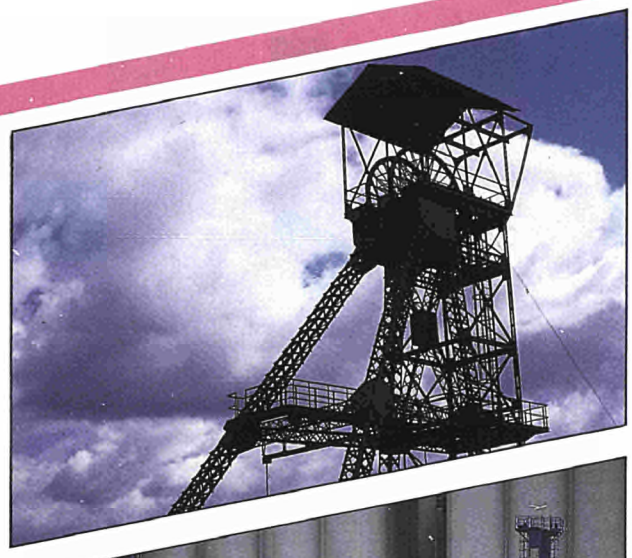
However, in the last three years of the period considered, the European Community recorded a growth rate higher than both the USA and Japan.

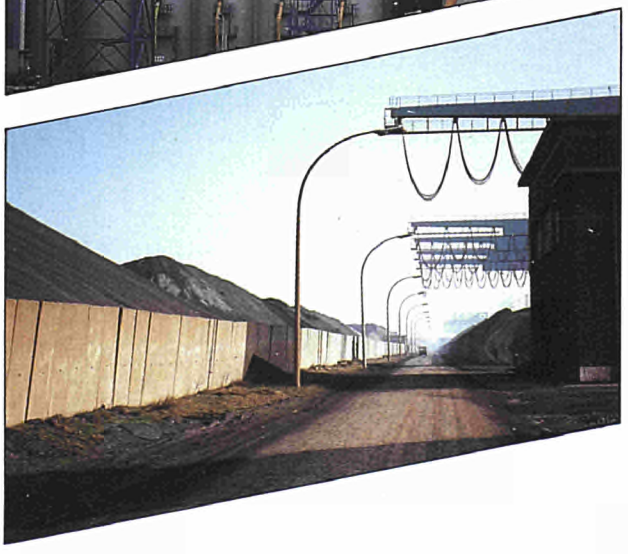
Looking at the situation country by country, the best performances were those of Irish industry (+78%), albeit from a starting point – industrially speaking – which was lower than that of the other countries. Greece, Portugal, Luxembourg and Denmark also made a good showing. The industrial sectors of France and Italy in 1986 just managed to climb back up to the 1980 production level. The remaining Member States are in line with the Community average, Germany's rate being slightly higher (+27%).

FOR FURTHER INFORMATION:
Eurostat publications

INDUSTRY – Statistical yearbook
SHORT-TERM TRENDS (monthly)

24 INDUSTRY: ITS BASES

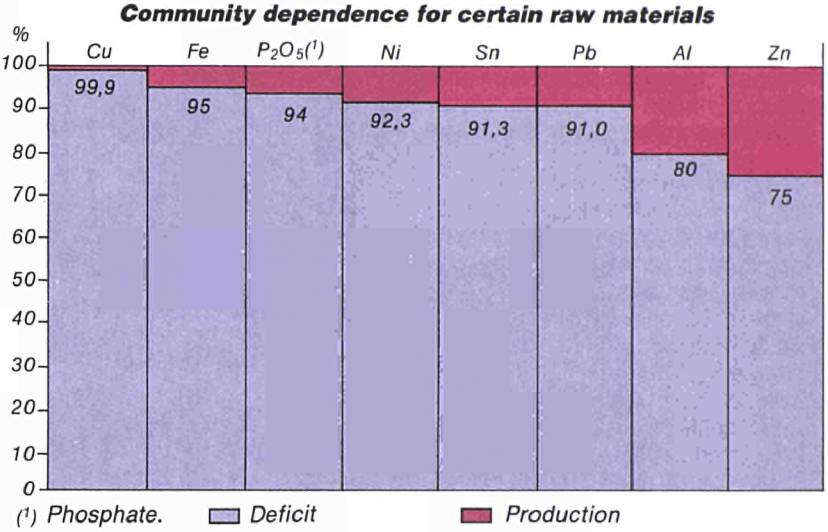




European industry is to a large extent dependent on third countries for its raw materials. The 1973 oil crises forced it to increase its competitiveness and to undertake restructuring, and this led to the loss of a considerable number of jobs.

The European Community is dependent not only for oil, but also for the main raw materials. Its industry is almost wholly dependent on third countries for copper ore and over 90% for iron ore, phosphates, nickel, etc. (see graph). Imports of raw materials from the developing countries, as well as from industrialized countries such as Canada, Australia and the USA, weigh heavily in the Community's trade balance.

Community dependence for certain raw materials



Consumption of energy by the Community's industry fell by 13% between 1975 and 1985 because of the rising cost of oil. This led to a drive to cut oil consumption, an endeavour which is not reflected in the first period considered, inasmuch as consumption in 1975 and 1980 stood at a comparable level, because the Community's industrial sector – taking the full force of the oil crisis at the end of 1973 – had already substantially cut back its energy consumption in 1975.

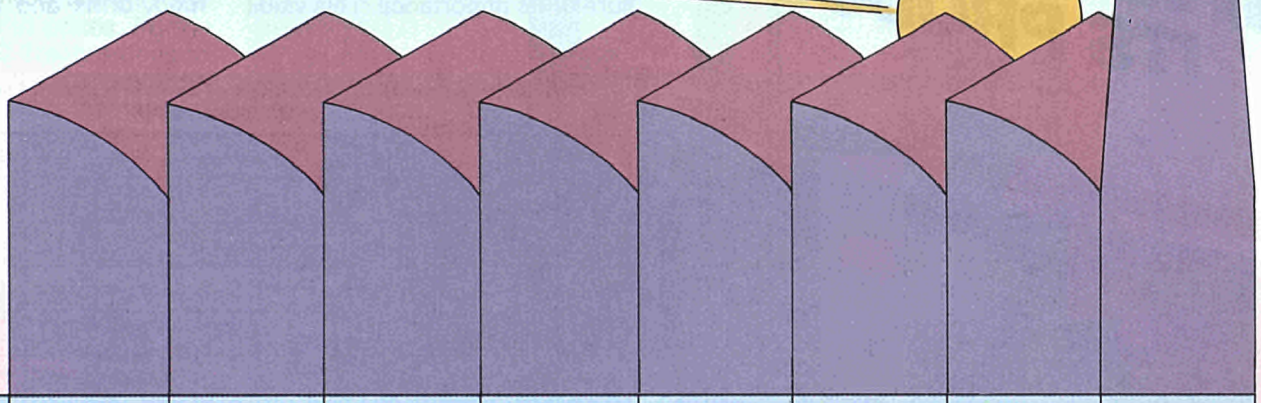
Industry's share in energy consumption

1975													
Million toe	:	12,6	2,6	62	3,2	:	42	1,4	36	2,8	12	:	49,3
%	:	40	18	34	39	:	34	30	39	76	28	:	35
1980													
Million toe	245	13	3,1	70	3,9	19	45	1,6	38	2,3	13,6	3,1	41,4
%	34	37	21	33	35	40	32	28	36	67	29	41	29
1985													
Million toe	213	10	2,6	60	3,6	17,6	37	1,7	30	1,8	13,7	3,0	31,4
%	30	33	18	31	29	37	28	28	30	59	30	39	23
	EUR 12	**B**	**DK**	**D**	**GR**	**E**	**F**	**IRL**	**I**	**L**	**NL**	**P**	**UK**

Number of employees by industrial sector

Total EUR 12[1]

1977	1985	1985/1977 (%)
33572	29230	87



	Oil refining	Primary processing of metals	Chemical industry	Machinery and mechanical engineering	Electrical and electronic engineering	Motor vehicle manufacture	Food, drink and tobacco	Textiles
1977	150	1699	2075	2941	3099	2039	3063	2039
1985 ([1])	132	1134	1677	2684	2841	1756	2928	1476
1985/1977 (%)	88	67	81	91	92	86	96	72

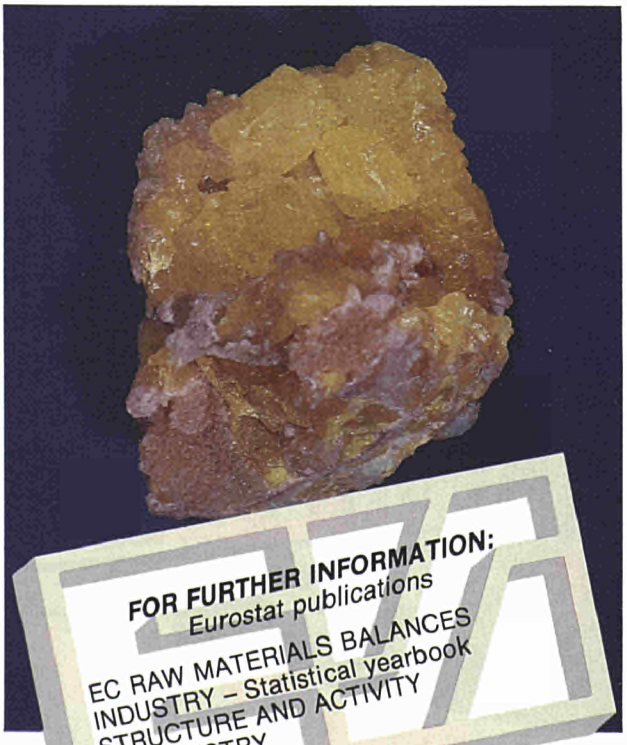
([1]) Excluding Portugal and Greece.

At the turn of the decade, the second oil crisis – a fresh round of record high prices – once again slowed energy consumption. The fall was accelerated in two ways: voluntarily by energy savings and involuntarily by the slowdown in industrial activity, which nevertheless returned in 1985 to its 1980 production level.

In order to meet the challenges at international level, Community industry has had no alternative but to increase its competitiveness in order to offset the increasing cost of oil imports by exports of manufactured products. The Community's industrial sector has since 1975 regularly increased its productivity. The productivity index (ratio of production to number of jobs) improved each year by 4% up until 1985. These productivity indices were not so stable for its American and Japanese competitors. After experiencing a higher rate (5%) between 1975 and 1980, Japan's rate fell back (3%) between 1980 and 1985. The opposite trend was recorded in the United States: a mere 1% up until 1980 and 5% thereafter.

Enhanced productivity has had drastic consequences on the level of employment in the EC. Between 1977 and 1985, industry lost 4.3 million jobs, i.e. 13%. The brunt of this fall was borne by the metal processing sector, which also includes steelworks (–33%). The textile industry shed 28% of its workforce and even the food industry was affected and lost 4% of its jobs.

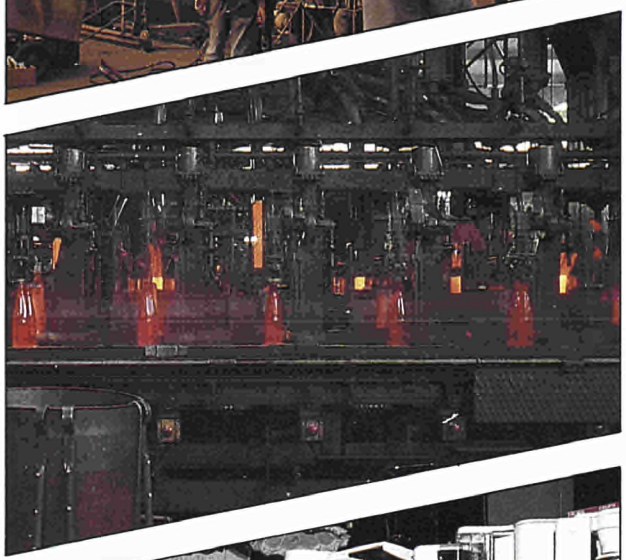
The large internal market due to come into being in 1992 under the Single Act should provide the foundation for the expansion of European industry.



FOR FURTHER INFORMATION:
Eurostat publications

EC RAW MATERIALS BALANCES
INDUSTRY – Statistical yearbook
STRUCTURE AND ACTIVITY OF INDUSTRY

25 INDUSTRY: ITS PRODUCTS



Europe remains a major industrial power despite spectacular falls in production in certain sectors such as the iron and steel industry.

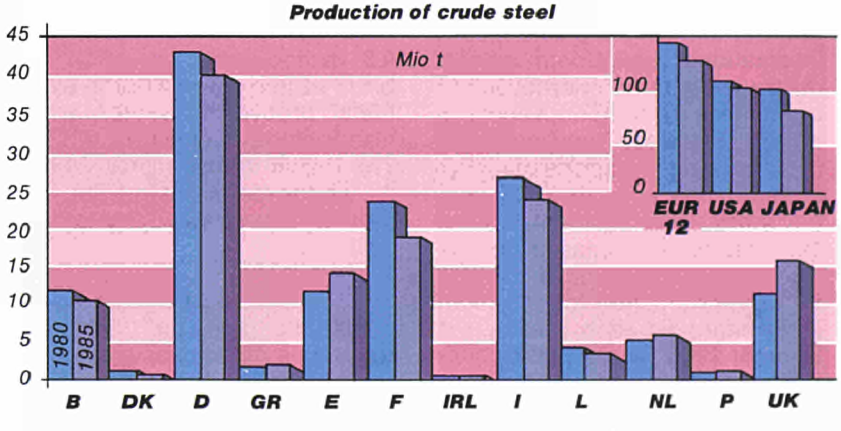
The value of production is a measure of its importance. This value broadly speaking corresponds to the turnover achieved by the industrial sector in question. The figures are naturally affected by price rises, but the relative importance of the various branches involved can be assessed; the food, drink and tobacco sector, car manufacturing and the chemical sector (petrochemical and coal-chemical industries) are the mainstays of European industry.

Trends in the value of production of certain industrial sectors – EUR ('000 million ECU)

(*estimates)	1981	1982	1983*	1984*	1985*
Iron and steel	53,2	52,8	51,1	57,4	61,7
Building materials (concrete, cement, plaster)	14,0	14,6	15,6	16,6	17,8
Glass	11,4	11,9	12,4	13,5	14,0
Basic chemicals	82,9	85,0	94,8	106,3	115,3
Pharmaceutical products	23,8	26,3	28,5	32,4	34,6
Tools and machine tools	11,8	11,7	11,5	12,8	14,2
Electrical equipment	30,6	33,3	35,1	38,6	43,0
Telecommunications equipment	31,0	35,1	37,9	41,8	46,2
Electronic appliances, radios, TVs	19,5	20,6	23,4	25,3	27,5
Household appliances	12,4	13,3	13,3	14,5	15,8
Motor vehicles	112,0	122,6	135,0	141,2	157,8
Food, drink, tobacco	273,3	250,4	264,9	282,8	296,2
Clothing	21,8	23,3	24,6	26,2	28,0

Because of inflation, the trends in nominal values cannot be used to assess the quantities of production and this is nowhere more manifest than in the iron and steel sector. The value of steel production had up until 1983 fallen and then risen again to reach in 1986 a level higher than that achieved in 1981. At the same time, however, production in terms of quantity had actually fallen by 6.6 million tonnes, i.e. slightly more than in Japan but well below the USA (22 million tonnes). The brunt of this fall was borne by the major European producers, namely, the Federal Republic of Germany, Italy, France, Belgium

Production of crude steel



and Luxembourg. The United Kingdom, Spain, Portugal and Greece increased their production.

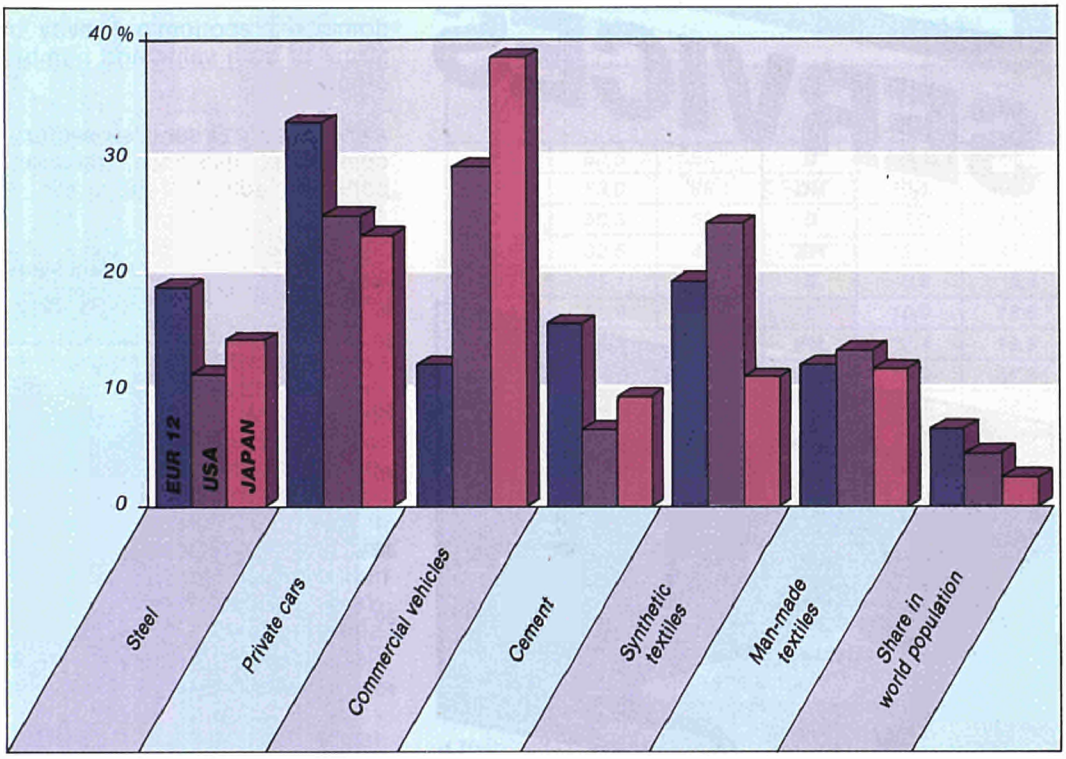
The cutback in steel production was dictated by the surplus production at world level and the consequent fall in prices. Pursuant to the ECSC Treaty signed in Paris in 1951, the Commission was entrusted with the task of trimming down European production; to do this it drew up quotas in order to spread the cutback equitably over the Member States.

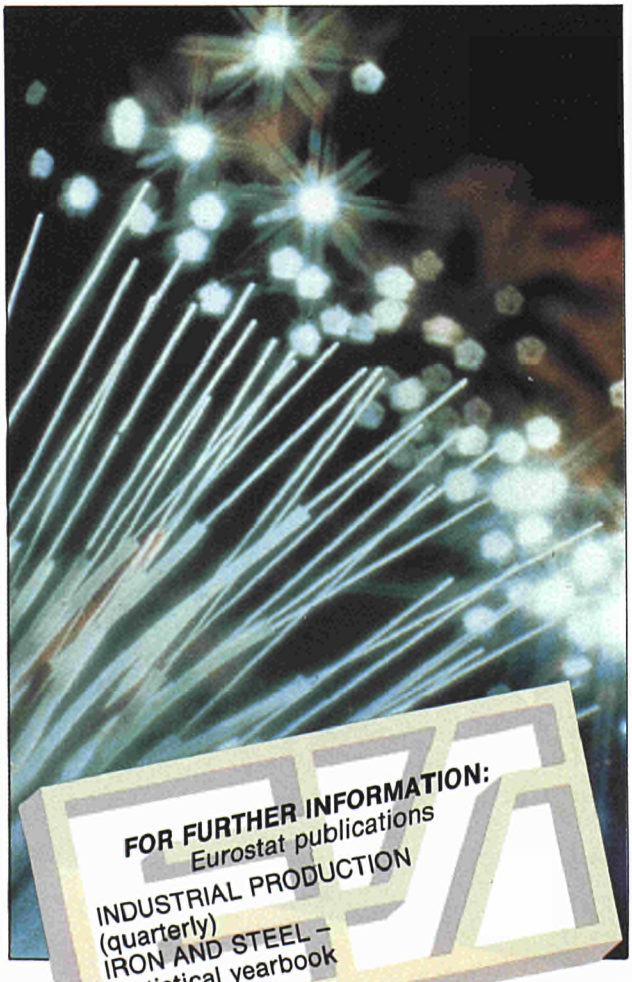
Despite these setbacks, the European Community remains one of the world's major industrial producers, ahead of the USA and Japan in a number of sectors. It produces 18% of the world's steel, compared with Japan's 14% and the USA's 11%. One car out of three is European, one in four American or Japanese. On the other hand, the USA is ahead of both the Community and Japan in synthetic textiles, while Japan comes out on top as regards the production of commercial vehicles.

Another key indicator for an industrial sector is external trade; the values for production, imports and exports can be used to assess the domestic consumption of a given product (production plus imports minus exports) as well as the market penetration rate, and can also give a fairly accurate idea as to the vitality of the sector.

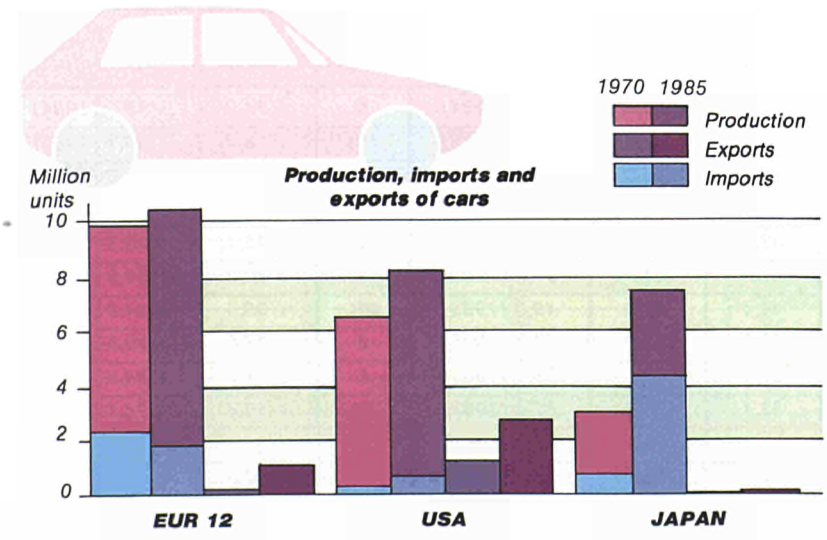
It should be noted that certain markets, particularly that of Japan, are closed to imports or access is made difficult by non-tariff barriers.

Share in world production – 1985





FOR FURTHER INFORMATION:
Eurostat publications
INDUSTRIAL PRODUCTION (quarterly)
IRON AND STEEL – Statistical yearbook

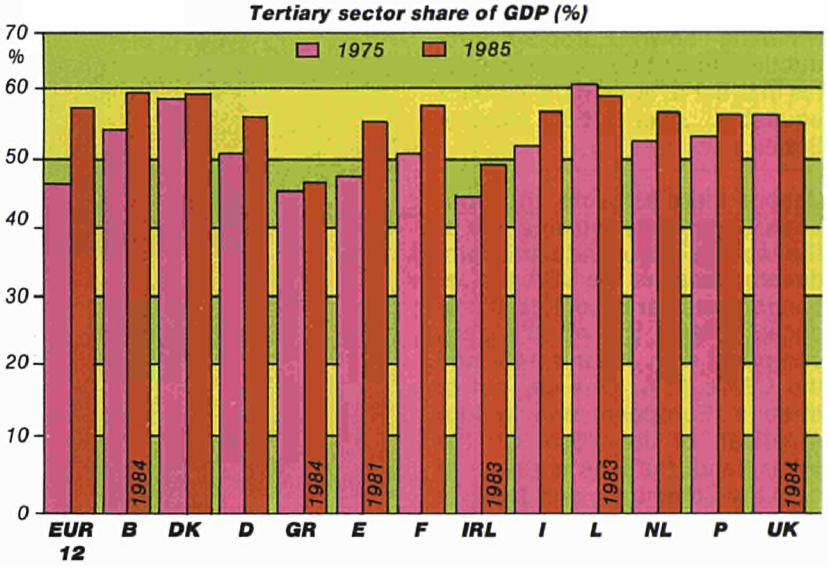


26 SERVICES

The decade 1975-85 saw a boom in the tertiary sector, which now dominates economic activity in terms of both value and number of jobs.

Also called the services sector – commerce, insurance, transport, banking, administration, etc. – the tertiary sector, unlike the industrial and agricultural sectors, has grown apace since 1975, when it provided 47.3% of the gross domestic product (GDP) of the European Community. In 10 years, it increased its share by 21% and by 1985 accounted for 57.2% of GDP.

Tertiary sector share of GDP (%)

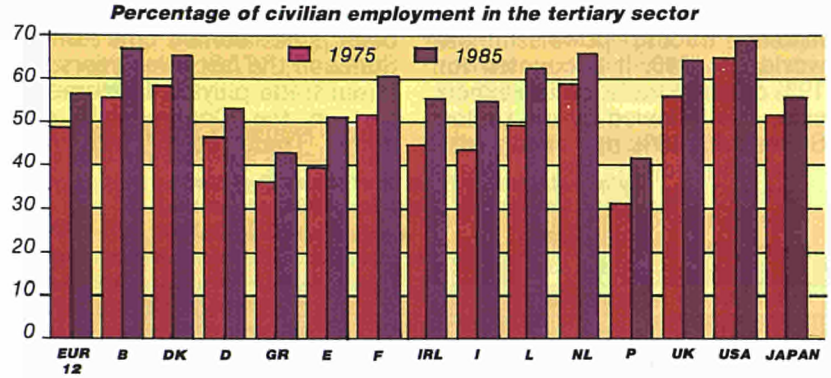


The increase has been less marked as regards employment (17.2%). With 60 million people in 1975, the services sector employed 48.8% of the total civilian working population of the European Community. Up to 1980, the growth rate soared (9.1%), but between 1980 and 1985 the pace slowed (7.5%) to a current figure of 57.6%.

Between 1975 and 1980, the employment growth rate in the services sector was above 10% in all the Community countries except the Federal Republic of Germany, the United Kingdom and Spain. Between 1980 and 1985, the number of jobs in the tertiary sector rose (compared with 1975-80) in only four countries: Greece, Spain, Italy and Portugal.

GDP of the services sector compared with total GDP (%)				GDP in services sector – volume increase (%)	
1975	1980	Latest available year		1980/1975	Latest available year
54,4	58,1	59,8 (1984)	B	+ 14,9	+ 18,9 (1984)
58,0	57,4	59,2 (1985)	DK	+ 18,4	+ 34,1 (1985)
51,0	53,0	55,9 (1985)	D	+ 23,2	+ 37,0 (1985)
45,1	45,6	46,8 (1984)	GR	+ 26,2	+ 37,1 (1984)
47,8	53,5	55,2 (1982)	E	+ 15,1	+ 19,3 (1982)
51,7	54,7	57,2 (1985)	F	+ 20,9	+ 31,9 (1985)
44,4	49,2	49,8 (1983)	IRL	+ 38,5	+ 44,0 (1983)
52,3	52,5	57,7 (1985)	I	+ 17,5	+ 29,5 (1985)
60,4	62,1	58,1 (1983)	L	+ 31,7	+ 34,8 (1983)
53,1	58,5	57,4 (1985)	NL	+ 18,4	+ 24,7 (1985)
:	53,8	57,2 (1981)	P	:	:
57,1	54,9	56,4 (1984)	UK	+ 10,0	+ 24,5 (1985)
47,3	49,3	57,2 (1985)	EUR 12	+ 18,2	+ 21,0 (1985)

Percentage of civilian employment in the tertiary sector



During the past decade, services have been the only sector of economic activity with a positive job balance. Between 1980 and 1985, industry and agriculture suffered job losses of 12 and 13% respectively.

In the United States and Japan, the rise in the tertiary sector has been even more pronounced than in the Community (see graph). Between 1975 and 1985, the number of jobs in the tertiary sector increased by 32% in the United States and 20% in Japan, as against 17% in the Community.

The 'tertiarization' of the economy is the tendency of services to acquire an ever-increasing share of economic activity. Economists see this phenomenon as indicative of a post-industrial economy in which, according to some, the quality of work will deteriorate ('specialized workers will hand over to robots and go out and sell hamburgers'), whereas others consider that the quality of work can only improve. White collar workers will replace blue collar workers. The answer to the problem would require a more detailed analysis, studying the trends in each of the services sectors. The Statistical Office of the European Communities (Eurostat) is working on collecting the required data (which are not currently available in the Member States either).

Statistically, transport is the best-known of the services sectors. In 1985, the lorries, trains and barges of Europe transported 8500 million tonnes of goods. Most of this transport was by road, which carried a higher percentage in 1985 than in 1982, with inland waterways losing ground. Road transport increased by 1.8% and rail transport by 2.6%. Barges, for years losing out to competition from road and rail, lost a further 4% of their tonnage between 1982 and 1985.

Goods transported by national carriers (million tonnes)

1985	Rail	Road	Inland waterways	Total
B	72,4	300,8	93,2	466,4
DK	6,7	208,5	–	215,2
D	321,3	2262,4	222,4	2806,1
GR	4,0	159,7	–	163,7
F	158,3	1232,7	64,1	1455,1
IRL	3,4	91,1	–	94,5
I	48,4	1000.0	1,6	1050,0
L	17,6	15,8	9,7	43,1
NL	20,2	390,8	254,1	665,1
UK	140,5	1411,5	–	1552,0
EUR 12	792,8	7073,3	645,1	8511,2

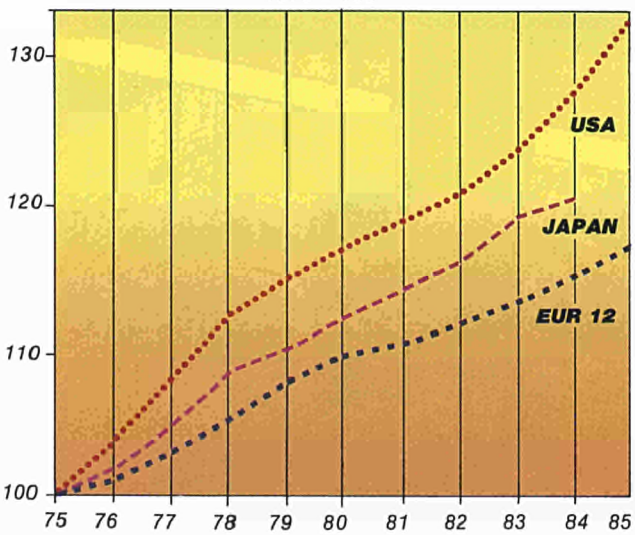
Employment in the services sector compared with total civilian employment (%)

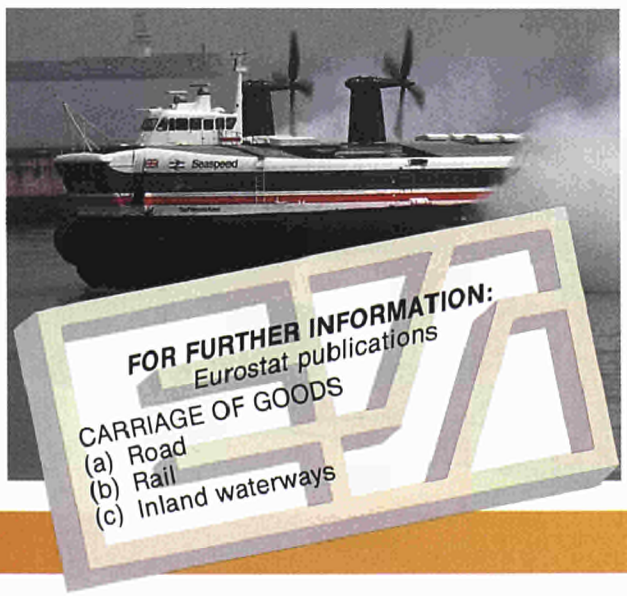
Increase in civilian employment in services (%)

1975	1980	1985		1980/1975	1985/1975
56,9	62,5	67,1	**B**	10,3	14,2
58,7	63,0	66,1	**DK**	13,1	23,2
47,6	50,3	53,5	**D**	7,9	11,3
36,8	32,5	43,7	**GR**	12,5	33,3
39,7	45,1	50,9	**E**	0,8	5,4
51,1	55,4	60,4	**F**	10,9	18,6
45,8	42,2	55,1	**IRL**	15,4	19,8
44,1	47,8	55,2	**I**	13,0	31,7
49,6	56,4	62,3	**L**	14,1	28,4
59,4	63,6	67,0	**NL**	14,6	23,9
32,3	35,4	42,2	**P**	15,5	42,3
56,7	59,6	65,0	**UK**	6,4	11,7
48,8	52,6	57,6	**EUR 12**	9,1	17,2
65,3	65,9	68,8	**USA**	16,8	31,6
50,5	54,2	56,3*	**JAPAN**	11,7	20,7*

Employment of the civilian population in services

1975 = 100

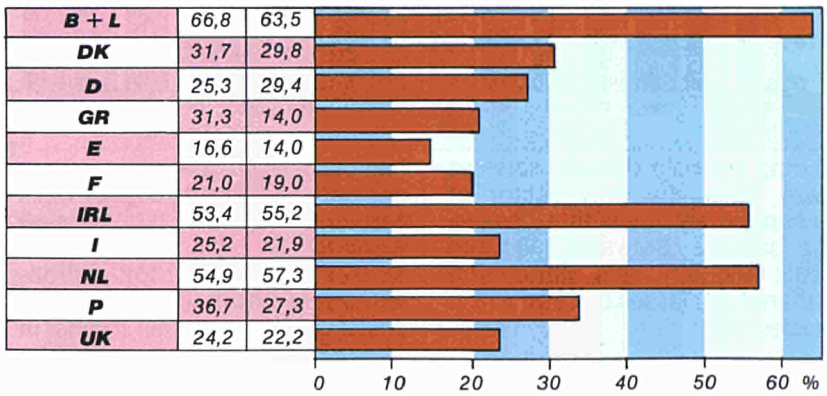




27 EXTERNAL TRADE

The European Community is the leading trading power in the world. In 1986, it accounted for 19% of world trade: on the export side, it is followed by the United States with 13% and Japan with 12%; on the import side, it has been just behind the United States in the last three years. External trade plays a fundamental part in the Community's economy. Trade solely with non-Community countries makes up 24% of the Community's gross domestic product (GDP), higher than the corresponding figures for the United States and Japan at 14% and 23% respectively.

Total external trade as % of the GDP of the European Community countries (1985, estimates)



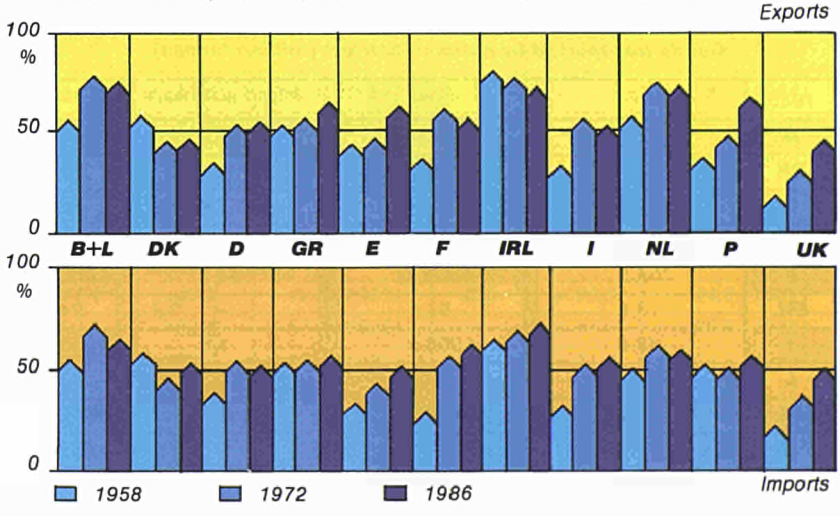
One of the reasons why the European Community was created was to develop trade between Member States. The Community has had considerable success in this area. While exports to non-member countries showed a nominal 16-fold increase in terms of ECU between 1958 and 1986, trade between Member States went up by a factor of 36.

Intra-Community trade represents more than 50% of total external trade for most of the countries (see graph).

The creation of the large internal market in 1992 will give additional impetus to intra-Community trade, whose share of total trade went up from 35% in 1958 to 58% in 1986.

Analysis of these results shows the degree of integration of the Member States, highlighting the success of the creation of the customs union with its common customs tariff vis-à-vis non-member countries and the elimination of customs barriers between Member States. In the eyes of the other trading powers the Community is thus a single partner negotiating both bilateral

Intra-Community trade by Member State as a proportion (%) of total trade



agreements with non-member countries and multilateral agreements within the GATT (General Agreement on Tariffs and Trade).

Imports of energy products – primarily oil – play a great part in the Community's external trade.

In 1986, the cost of Community energy imports was halved by the sharp drop in oil prices at the end of 1985, and this led to a change in the structure of the Community's external trade.

Whereas in the past the EC countries imported mainly primary products (raw materials for the various processing industries), in 1986 more than half of total imports comprised manufactures, i.e. products made elsewhere, semi-finished or already finished and delivered more or less directly to the consumer.

Although its agriculture has surpluses in the major products (wheat, milk, meat), the Community is the main importer of agricultural products. However, these are mostly tropical products or animal feedingstuffs, which have only recently begun to be manufactured on a significant scale in the EC.

In 1986, more than half (59%) of Community imports came from industrialized countries and approximately a third (32%) from developing countries.

External trade of the EC with non-member countries: shares of the categories of products (%)

	Imports		Exports	
	1962	1986	1962	1986
Food	25,7	10,3	8,9	7,2
Energy products	15,8	17,7	3,8	3,1
Raw materials	26,4	9,7	3,9	2,1
Chemicals	3,7	6,3	10,0	11,0
Machinery and transport equipment	9,7	23,5	38,4	39,0
Other manufactures	17,0	25,4	34,2	31,3
Other	1,7	7,1	0,8	6,3

External trade of the EC with non-member countries: shares of main trading partners (%)

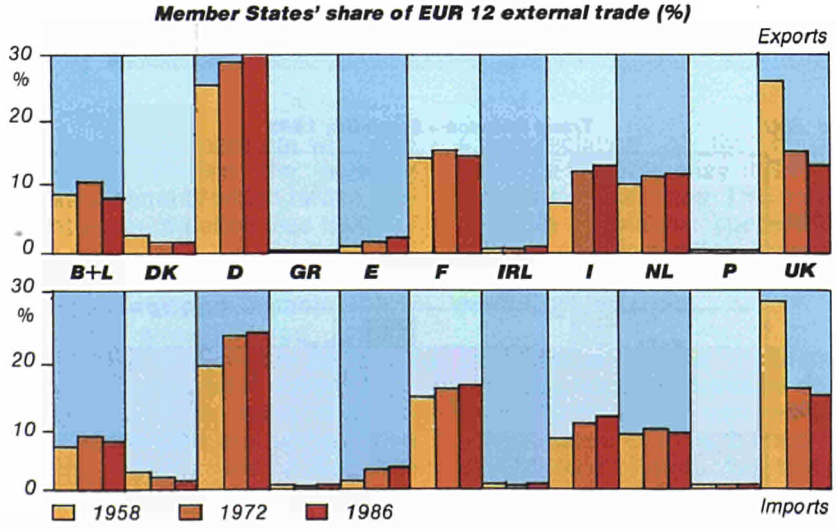
Imports				Exports		
1958	1972	1986		1958	1972	1986
48,5	52,9	59,0	Industrialized countries	48,9	59,6	60,5
45,6	39,1	32,2	Developing countries	44,1	31,5	31,5
5,9	7,9	8,8	Eastern bloc countries	7,0	8,9	8,1

The Community's main customers and suppliers are the United States and the EFTA countries (European Free Trade Association, comprising Norway, Sweden, Finland, Austria, Switzerland and Iceland).

The Community has signed an agreement with the EFTA abolishing customs duties on trade in industrial products.

From one Community country to another the share and structure of external trade differ widely, depending on natural resources, level of development, specialization of industry or performance of agriculture.

Member States' share of EUR 12 external trade (%)



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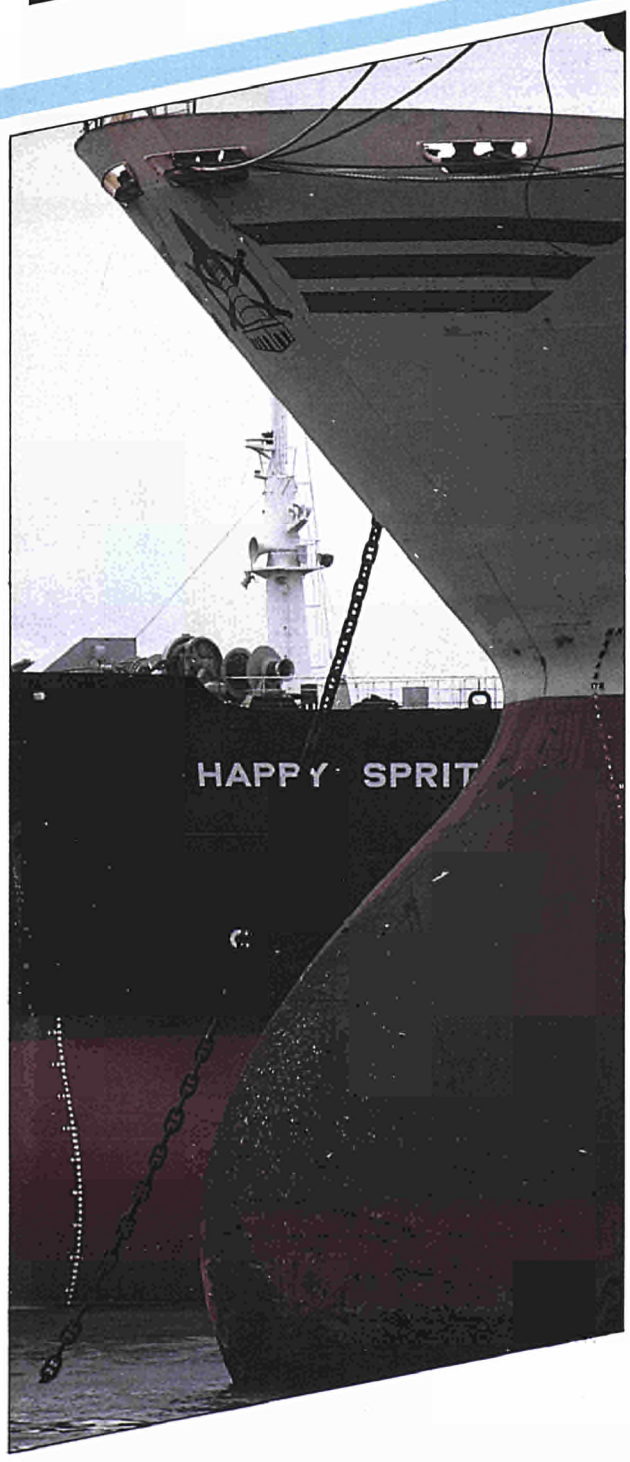
28 TRADE BALANCES



In 1986, the Community's external trade balance was in the black for the first time: exports were 5000 million ECU higher than imports. Or to put it in financial jargon: there was a balance of trade surplus.

This was not the result of a sudden surge in exports but rather of a fall in import prices (mainly oil and other raw materials) and the depreciation of the dollar, which made some products less expensive, particularly goods bought in the United States.

Trade balance – Extra-EC – EUR 12

Year	Total balance		Balance by group of countries – Mio ECU		
	million ECU	% Exp./Imp.	Class 1	Class 2	Class 3
1958	– 2384	90,1	– 1141	–1487	94
1970	– 7645	87,6	– 1585	– 6722	312
1980	– 65862	76,7	–22745	– 39936	– 3181
1985	– 27767	93,2	5938	– 27032	– 6674
1986	7370	102,6	9357	– 60	– 1926

This is the first time in many years that the trade balance has not been in deficit. In 1958, for example, the EEC export figure was only 90% of the import figure (2400 million ECU less). In 1980 the deficit was at an all-time high of 66000 million ECU, exports amounting to only 77% of imports. This situation was aggravated by the increase in oil prices.

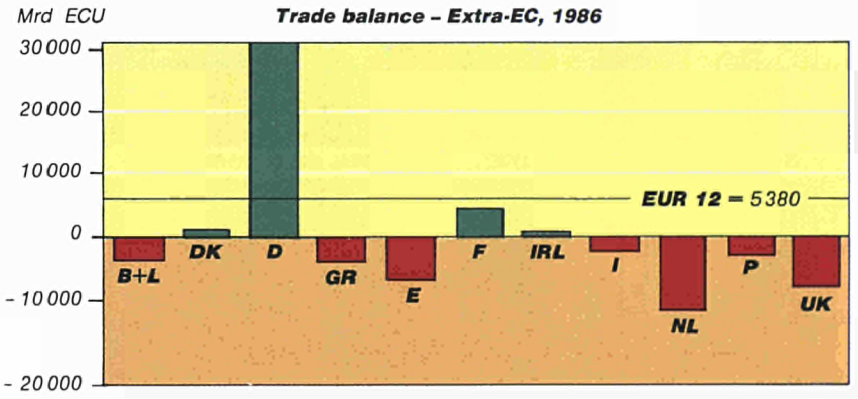
Trade with other industrialized countries ('Class 1' countries) resulted in a surplus of 9000 million ECU which was responsible for the 1986 trade balance surplus. Trade with the developing countries ('Class 2'), which had resulted in a deficit of 40000 million ECU in 1980, was practically in equilibrium. Trade with the 'Class 3' State-trading countries, (USSR, China, the Eastern bloc), still showed a deficit of 3000 million ECU.

This overall surplus conceals very different situations in individual Member States (see graph). Of the four countries contributing to the surplus on trade with non-EEC countries (of 38000 million ECU), the Federal Republic of Germany alone is responsible for 85% and France 13%.

The countries with a trade deficit (a total of 33000 million ECU) are the Netherlands (35%), the United Kingdom (22%), Spain (18%), Greece and the Belgo-Luxembourg Economic Union (8%).

Intra-Community trade presents a quite different picture: the

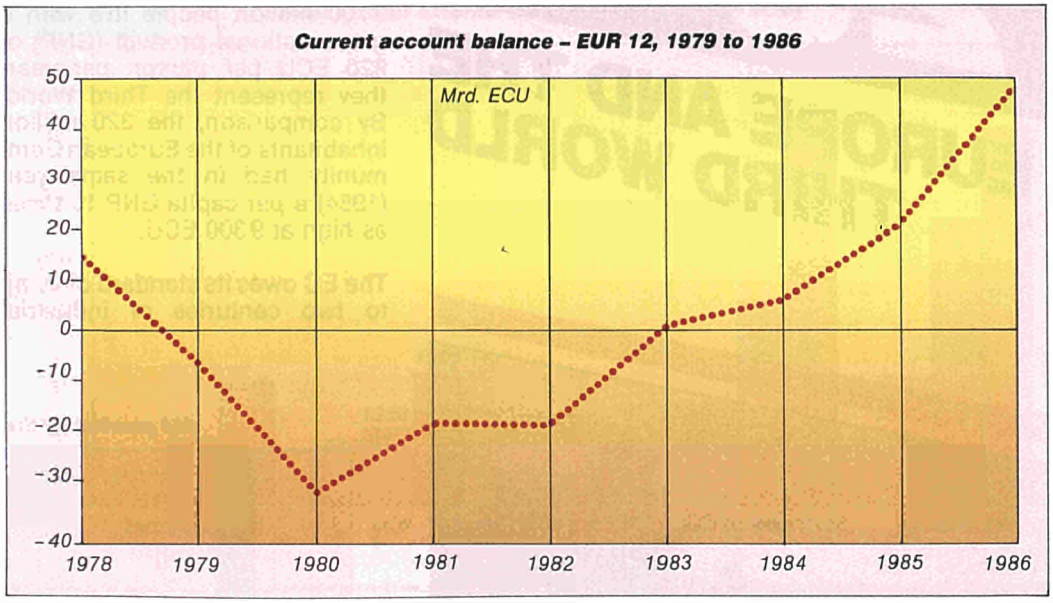
Trade balance – Extra-EC, 1986



Netherlands and the Federal Republic of Germany have fairly substantial surpluses, while France and the United Kingdom have fairly large deficits.

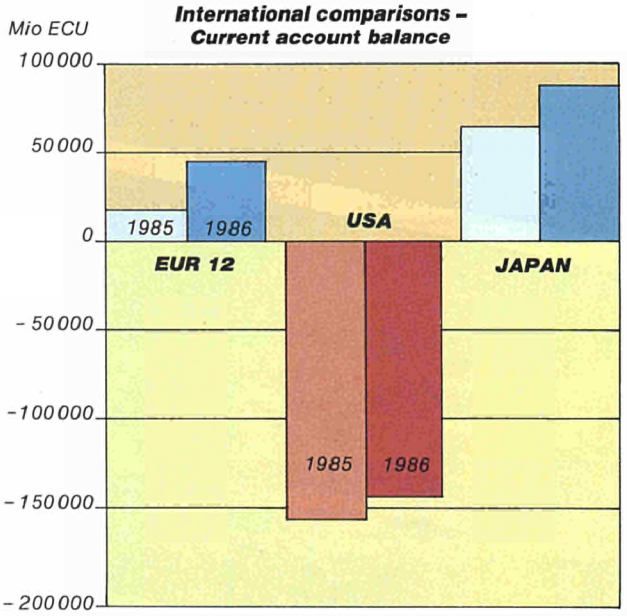
The Community's current account balance was positive in 1986. The current account covers not only goods traded (trade balance) but also earnings (interest, dividends), services (transport) and international transfers (for example, aid to developing countries).

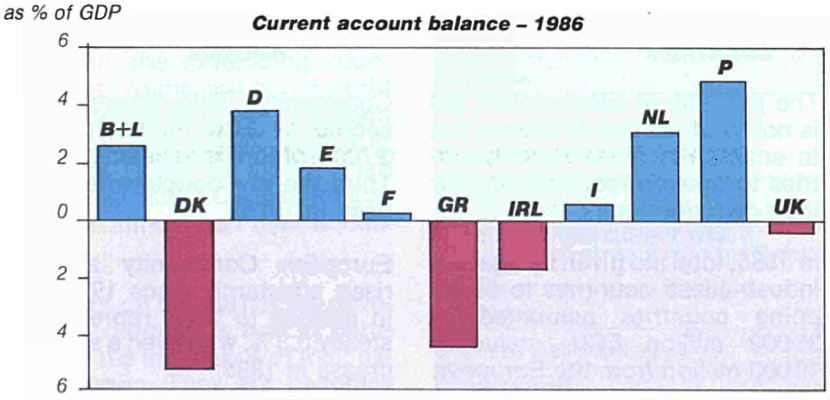
In 1986 there was a surplus of 49000 million ECU, after a continued deficit since 1979, largely caused by the second oil crisis. The deficit reached a high of 31000 million ECU in 1980 and thereafter it improved steadily.



However, this situation is not stable. It is caused primarily by the fall in oil prices from 27.6 dollars a barrel in 1985 to 14.5 dollars a barrel in 1986, and by the fall in the dollar against the ECU.

In addition, the apparent improvement in the current account conceals a reduced volume of trade. In fact, the volume of exports from the EEC fell in 1986 and that of imports increased.

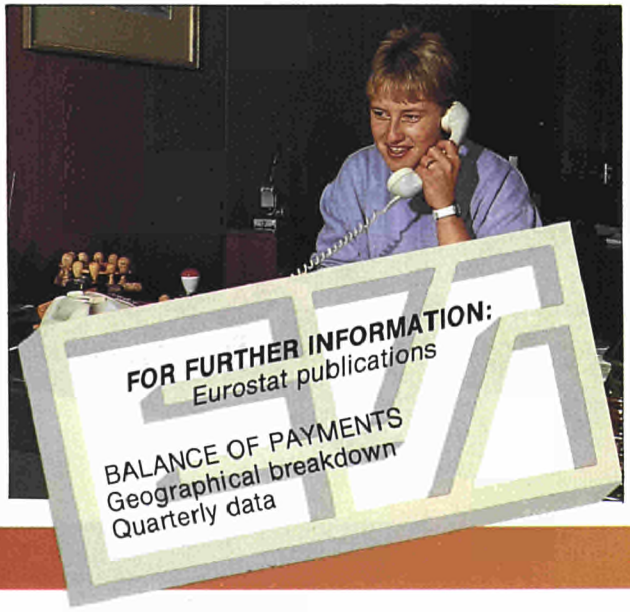




Furthermore, there are wide disparities between the Member States, some of which have a current-account deficit (see table).

Above all, however, the international climate is unstable. While Japan's already large surplus continues to grow, the American deficit, expressed in dollars, is increasing (in the table, it is expressed in ECU, and as the ECU is rising against the dollar, the American deficit appears to be decreasing). This deficit leads to a depreciation of the dollar, which is the reference currency for international trade. This could result in substantial speculative capital movements towards stronger currencies (Deutschmark, Japanese yen).

This situation may lead the United States to adopt a restrictive economic policy or to take protectionist measures to curb imports, which would be quite likely to disrupt international trade.



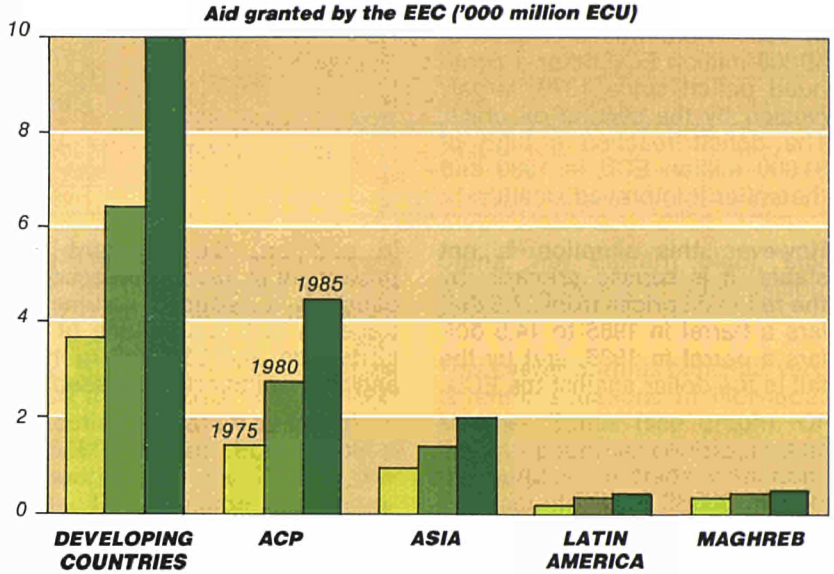
29

EUROPE AND THE THIRD WORLD

3 700 million people live with a gross national product (GNP) of 920 ECU per person per year: they represent the Third World. By comparison, the 320 million inhabitants of the European Community had in the same year (1984) a per capita GNP 10 times as high at 9 300 ECU.

The EC owes its standard of living to two centuries of industrial and technological development, whereas the Third World countries have only just begun their process of development. Their traditional rural economy, thrown into confusion by the modern world, is still largely pre-industrial. The fact that agricultural products and raw materials have a low value in comparison with manufactured industrial products explains the difference in per capita GNP.

Aid granted by the EEC ('000 million ECU)

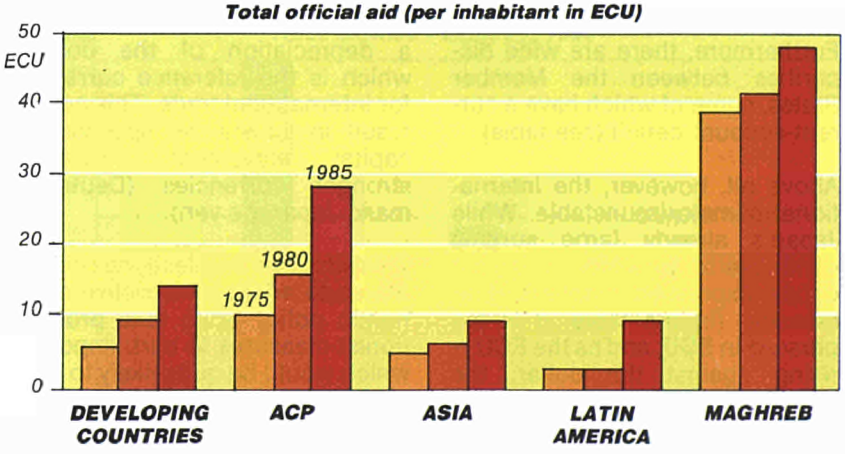


The purpose of development aid is not to offset this difference but to enable the Third World countries to take on responsibility for their own development.

In 1985, total aid given by western industrialized countries to developing countries amounted to 36 000 million ECU, including 10 000 million from the European Community. This figure represented 14 ECU for each of the 3 700 million inhabitants of the Third World – double what it had been in 1975.

European Community aid has risen constantly since 1975 and, in relation to GNP, represents a steady 0.3 %, with even a slight increase in 1985.

Total official aid (per inhabitant in ECU)



The total amount of European aid includes both bilateral aid – which each Member State grants to a developing country or group of developing countries – and multilateral aid, so named because it is organized by the European institutions, and amounting to 1 300 million ECU in 1985.

The bulk of EC aid goes to the ACP countries (66 countries in Africa, the Caribbean and the Pacific), which are also the poorest on the face of the earth with a GNP of 580 ECU in 1984, 16 times lower than that of the EC.

The developing countries' situation differs widely from one group to another, since per capita GNP was 640 ECU in Asia but 2 200 in Latin America.

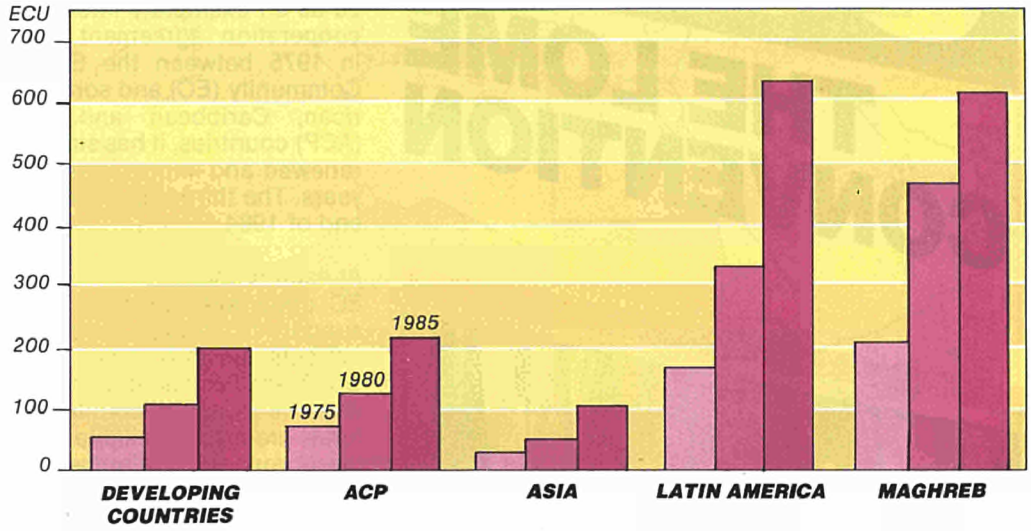
Despite international cooperation, developing countries are finding it very difficult to raise their population's standard of living to any appreciable extent for two main reasons: first of all, the population increase at the very high rate of 24% between 1975 and 1985 (3% in the EC) resulted in an extra 700 million mouths to feed (10 million in the EC).

Secondly, the developing countries' debt to the rest of the world leapt from 55 ECU per inhabitant in 1975 to 205 in 1985. The ACP countries' debt is higher than average at 238 ECU per inhabitant, i.e. almost half their annual GNP.

This debt on the part of the developing countries is due in particular to the imbalance of their external trade. They are generally exporters of raw materials or agricultural products whose world market prices are unstable or falling. Their earnings are too low to pay for their imports of energy, manufactures and machinery, whose prices are tending to rise.

This is one of the reasons why the EC has organized, through the Lomé Convention, a system of international cooperation which endeavours to regulate trade and which can be regarded as exemplary.

Total official external debt (per inhabitant in ECU)



Per capita GNP (in ECU)

	1975	1980	1984
DEVELOPING COUNTRIES	360	530	920
ACP	300	360	580
ASIA	210	330	640
LATIN AMERICA	960	1 370	2 200
MAGHREB	470	740	1 500
EUR 12	3 930	6 910	9 350
USA	5 970	8 610	20 160
JAPAN	3 610	6 510	13 310

Population estimate (millions)

	1975	1980	1984	1985
DEVELOPING COUNTRIES	3 000	3 340	3 650	3 700
ACP	310	370	417	430
ASIA	2 200	2 400	2 600	2 650
LATIN AMERICA	300	341	374	382
MAGHREB	89	102	113	116
EUR 12	312	318	322	322
USA	216	228	237	239
JAPAN	112	117	120	121

30 THE LOMÉ CONVENTION

The Lomé Convention is regarded as an exemplary international cooperation agreement. Signed in 1975 between the European Community (EC) and some 60 African, Caribbean and Pacific (ACP) countries, it has since been renewed and improved every five years. The third was signed at the end of 1984.

At each round of negotiations the EC undertakes to give financial support to various development projects, the aims and methods of which are decided in conjunction with the signatory countries. The funds are made available through the European Development Fund (EDF).

In absolute terms, the EDF aid provided for under Lomé III amounts to 7400 million ECU for the period 1986-90, compared with 3000 million ECU for the first agreement (1975-80) and 4700 million for the second (1981-85).

These appropriations mostly take the form of grants. A small proportion comprises special 40-year loans at 1% interest with a 10-year period of grace. In addition, the ACP countries can obtain loans from the European Investment Bank (EIB) at market rates which might be reduced by EDF aid. The EDF represents multilateral aid financed by all the EC Member States. It must be stressed that each of the Member States also grants substantial 'bilateral' aid.

Sectoral breakdown of aid granted under the Lomé Conventions (EDF) (%)

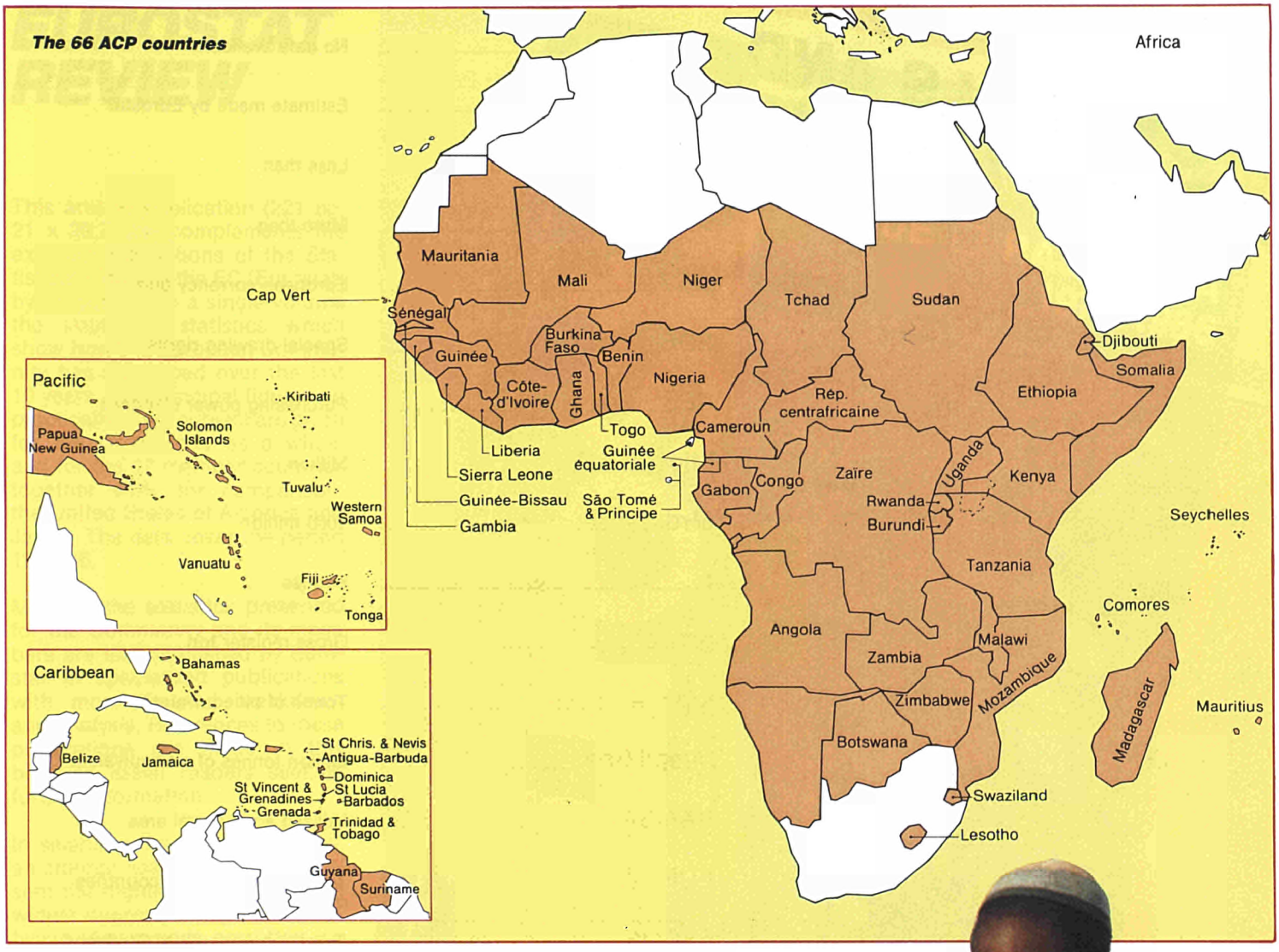
	1975 – 1980	*1981 – 1985*
Industrialization	*14,3*	*20,9*
Tourism	*0,2*	*0,6*
Rural production	*23,7*	*25,8*
Transport and communications	*24,1*	*17,6*
Education and training	*8,2*	*6,9*
Health	*2,3*	*1,9*
Water supply, construction, housing	*3,7*	*6,3*
Trade promotion	*1,0*	*1,4*
Miscellaneous	*22,5*	*18,6*

For the period 1986-90 the Lomé III Convention provides for financing mainly programmes and projects aimed at improving food supply, with the emphasis on rural development. These programmes are drawn up in cooperation with the ACP countries and form part of their own sectoral development policy.

Lomé III also provides support for regional cooperation among ACP countries, setting aside 1000 million ECU for joint projects such as the combating of animal diseases or desertification in Africa.

An important and original element of the Lomé Convention is the creation of a Fund for the stabilization of export earnings, the Stabex. The aim of this system is to offset falls (in value) of ACP countries' exports. The Stabex is an insurance fund financed by the EDF but replenished by the ACP countries when their export earnings go up. The ACP countries can thus count on relatively stable trade earnings for around 50 agricultural commodities. The Stabex can be regarded as a tangible element of a new international economic order.

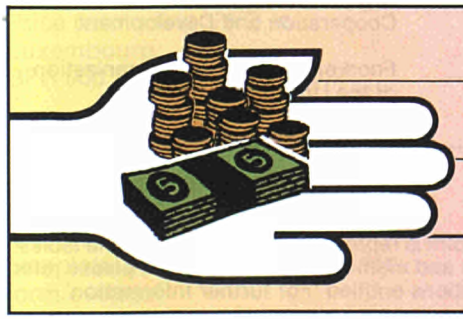
Moreover, a similar system was recently approved for a number of other less developed countries not belonging to the Lomé Convention. There are similar arrangements for mining products (Sysmin).



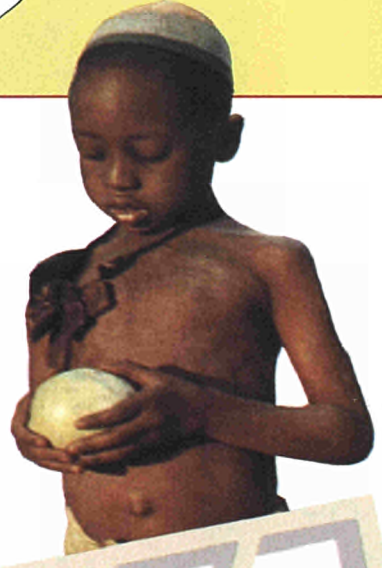
The ACP countries enjoy other benefits: their manufactured products and the majority of their agricultural products have free access to the Community market and the EC regularly grants them substantial quantities of food aid.

Apart from the Lomé Convention, the Community is linked by a series of cooperation agreements with countries or groups of countries other than the ACP countries, such as the Maghreb and Mashreq countries and many countries in Latin America and Asia.

Stabex transfers, 1975–85 (million ECU)



AFRICA	*1 098,7*
CARIBBEAN	*17,6*
PACIFIC	*92,4*
TOTAL	*1 208,7*



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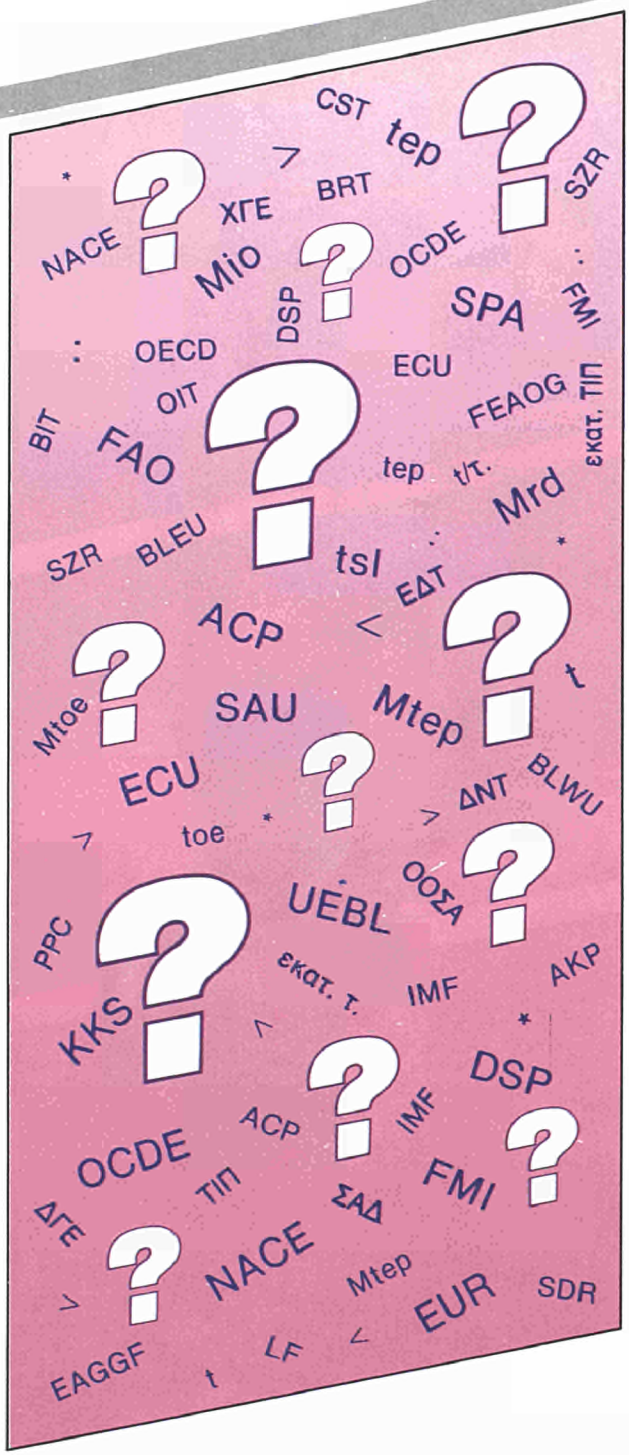
ACP – BASIC STATISTICS

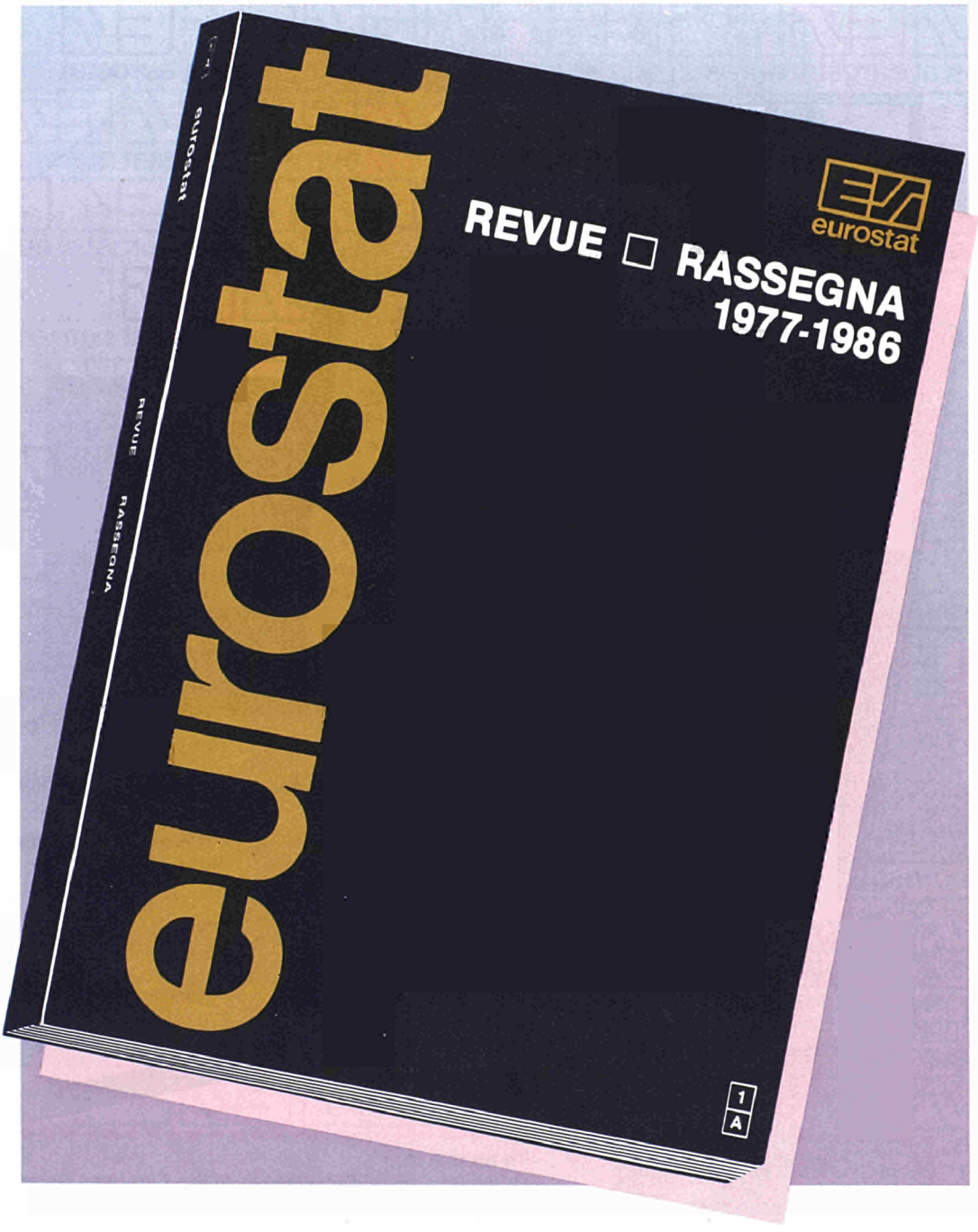
SYMBOLS AND ABBREVIATIONS



:	No data available
*	Estimate made by Eurostat
<	Less than
>	More than
ECU	European currency unit
SDR	Special drawing rights
PPS	Purchasing power standard
Mio	Million
Mrd	1000 million
t	Tonnes
grt	Gross register ton
tep/toe	Tonne of oil equivalent
Mtep/Mtoe	Million tonnes of oil equivalent
UAA/SAU	Utilized agricultural area
EUR 12	Total of the member countries of the EC
EAGGF	European Agriculture Guidance and Guarantee Fund
BLEU/UEBL	Belgo-Luxembourg Economic Union
ACP	Countries of Africa, the Caribbean and the Pacific – Lomé Convention
CST	Statistical and Tariff Classification for International Trade
NACE	General Nomenclature of Economic-Activities in the European Communities
OECD	Organization for Economic Cooperation and Development
FAO	Food and Agriculture Organization of the United Nations
IMF	International Monetary Fund

For technical reasons the decimal point is represented by a comma in the tables. For further details of the definitions and methodologies employed, please refer to the publications listed in the sections entitled 'For further information'.

EUROSTAT REVIEW



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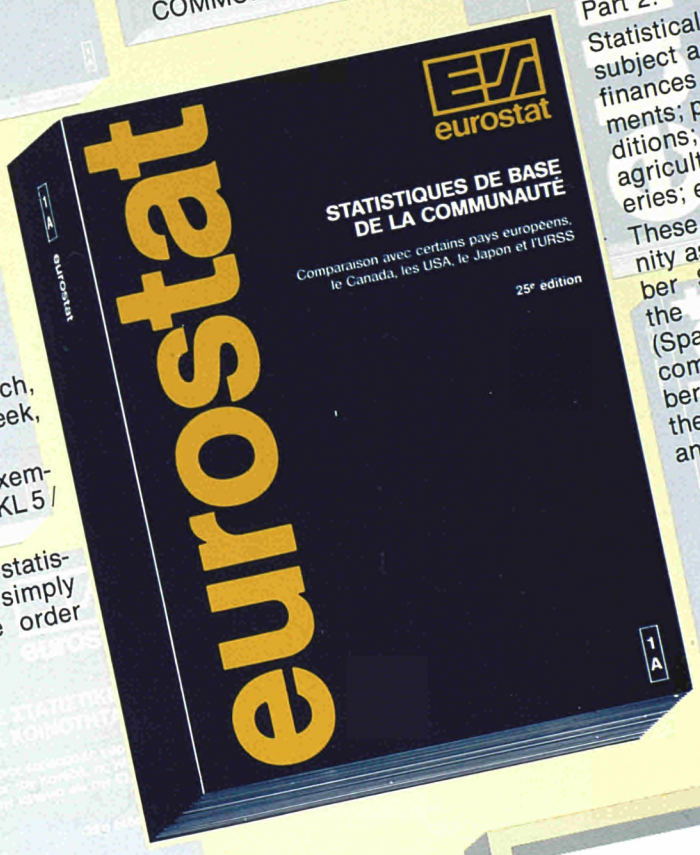

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